

*Income Tax Act*

I submit that this Government has failed, not only with regard to revenues but also with regard to expenditures. It has not only failed with regard to the deficit, it has also failed with regard to the national debt increase.

Yes, that was the Government, the political party that stated during and after the elections that increasing taxes was counterproductive, since those tax increases would slow down the economy.

I recall having said here in this House in the first speeches I made in reply to the Minister's statement of November 1984 and to the Minister's Budget of May 1985, especially in reply to the latter, that such a tax increase would have a definite impact on the economy. One has only to look through the financial pages of last week's newspapers to see that our Canadian economy has grown at a rate of only 1.2 per cent, and observers mention the massive tax increases as one of the reasons.

Madam Speaker, what are those massive increases? When I say \$6.5 billions, the figure is so huge that one almost has to break it down to appreciate and really understand what it represents.

The economic statement of November 1984 was the first opportunity for the Minister of Finance to renege on the commitment he had made before the elections to the Canadian people not to increase taxes. However, two months and a half later, they were going ahead, and running full steam ahead.

For the individual taxpayer, the cumulative effect of the November 1984 statement and the May 1985 Budget was adding up to \$4.5 billions in additional taxes. I can come back to that later on and give you the complete list of those taxes.

Let me see the impact of the February budget measures which we are now discussing, as they apply to the individual and corporate taxpayers. For individuals, the impact of the February Budget is compounded by a very slight detail announced a little earlier, that is in November 1984 and May 1985, about deindexing the tax rates.

As you know, Madam Speaker, the tax table de-indexation for fiscal year 1986-87 when Canadians will file their tax returns means close to \$600 million in new taxes, yet no legislation was passed and no ministerial statement was required.

But if we take into consideration the impact of the 1986 Budget, we are talking about \$925 million plus another \$600 million, and it all adds up to \$1.5 billion in new taxes to be paid by individual Canadians, men and women alike.

Madam Speaker, this is something the Hon. Member for Trois-Rivières did not even mention in his remarks. I can understand why Ministers—particularly the Minister of Finance—go into hiding and would rather have parliamentary secretaries take over the responsibility of doing the explaining before the TV cameras.

The Minister of Finance has a new management system through press releases. He gets his Minister of State to answer controversial questions about financial institutions, and when the time comes to present his own Budget, to elaborate on his own Budget speech, we find ourselves listening to his Parliamentary Secretary who somehow tries to hide the real impact of the Budget on all Canadian taxpayers. Therefore if we take into consideration the combined effect of the Budget, Bill C-23 and de-indexation a natural process nobody mentions, we are talking about one billion and a half. Madam Speaker, the cumulative effect of the budgets in 1986, without the addition of the fiscal impact in 1985 or even in 1984; I am only talking about the 1986 fiscal year and the taxes people will end up paying at the beginning of 1987, when it is time to file their income tax return. For individual Canadians, we are talking about \$5 billion, or \$4.52 billion to be exact plus \$600 million, for a total of \$5 billion, that is \$5.42 billion, plus de-indexation.

In other words, \$5 billion. Do you know how much corporations will pay in additional taxes? \$580 million. In other words, ninety-two per cent of the new taxes will fall on middle-class Canadians because the Government created the \$500,000 capital gains tax exemption to benefit the rich. This was a tax gift. In addition pension plans exemptions were increased, which means that people earning \$75,000 or \$100,000 were not treated in the same way as those earning \$30,000, because their marginal rate of taxation is much higher and they derive a greater benefit for each thousand dollars they invest in a Registered Retirement Savings Plan. Madam Speaker, individual Canadians will pay \$5 billion in new taxes whereas corporations will only pay \$580 million.

That same Finance Minister, when he panicked in July because of the tax reform undertaken by the Americans, came and told us: "We will follow their example, we will reduce personal income tax and increase corporate taxes." Big deal! After squeezing money out of taxpayers over and over, especially low- and middle-income earners, the Government is now telling us it will alleviate slightly the burden for those taxpayers and that an additional 3 per cent tax will apply over and above last year's 5 and 10 per cent surtaxes. It means that for the period between July 1, 1986 and December 31, 1986, an additional surtax of 3 per cent will apply on top of the 5 and 10 per cent surtaxes.

So much so, Madam Speaker, that corporations have to be explained—and truly that is the only positive aspect they get from this whole exercise—how to figure out surtaxes, whether the new one should be calculated before the first and second, or after. Nothing is said to individual Canadians. I do not know, Madam Speaker, how the 3 per cent additional surtax that is being introduced will mesh with the other two of 5 and 10 per cent.