

*Excise*

[Translation]

**Mr. Gérard Laprise (Abitibi):** Madam Speaker, I wish to take this opportunity to make a few comments.

When the budget bills are being considered, tax reductions are noted. I think that we must applaud such procedure, because we know that taxes are a heavy burden for the consumer, since at any level of tax collection, the burden always falls on the consumer. I have always felt that a government must only use a tax system to finance its expenditures and its administration. I think that a tax system should exist to cut financial surpluses, because it is possible and even probable at a given time, at some economic level, that too much money can give rise to a misuse of power.

● (1430)

This may create difficult situations where even the government may have administrative difficulties, when enterprises, companies or corporations become financially stronger than the government.

In this regard, a tax system must be set up to prevent the accumulation of riches in the hands of a happy few, but this is very far from the present principle where nearly the only purpose of the present tax system is to find financing sources for government activities, both at the federal and provincial levels.

When this is no longer enough, there exists a second means, that is to borrow from those who have savings they may lend.

Madam Speaker, I think we must rejoice whenever the government decides to lighten the burden of taxpayers through tax reductions since when we reduce taxes, we do in some way something which helps increase the consumer's purchasing power.

So far, we have observed labour disputes between workers and employers, between public servants and government, fought in order to get salary increases based on the price index and the cost of living increase. Each time the workers have got a salary increase, a tax revenue increase has followed, and each time the wages have got higher, especially in industry, there have been as a consequence price increases and, consequently, tax revenue increases. For years I have told this House, as the Quebec Minister of Finance has also just stated, that it is no longer necessary to increase taxes, since inflation does the job. There is no use raising taxes for the purpose of refilling the government's treasury, inflation does the job.

In my opinion, the tax on building materials should have been completely removed. A cut of about 50 per cent is clearly not enough if it is really intended to encourage the building industry and the housing starts we knew in the last few years but which have dropped catastrophically in the last few months slowing down activity in other sectors of the Canadian industries, for instance in the lumber industry. I appreciated very much the speech the hon. member for Windsor West (Mr. Gray) has just made. He is now leaving the House. He wondered to what extent the tax cut could serve the consumer, the man who wants to build a house or buy a new one, the citizen who has repairs or maintenance to do.

[Mr. Gray.]

How can we be sure the tax reduction will reach him? To some extent, we can bank on competition, but there was competition 15, 20 years ago; I wonder if it still exists today.

Commerce, principally for building materials, is now mainly in the hands of a few companies which can easily, maybe not directly and officially but indirectly, reach agreement to support prices. Now, as the hon. member for Windsor West pointed out earlier, when they are asked about the impact of that sales tax cut on building materials, they talk about inventory. And can the ordinary consumer check the veracity of such an affirmation? It is impossible for him to know whether the inventory is depleted or not.

Therefore, I think that in conceiving such measures, we should take action to ensure that this tax cut relieves precisely those we want to relieve, namely the consumers. A few years ago, we have had the suppressions of the sales tax on medical drugs, the effect of which we did not see at the consumer's level. We were told that it was the increase in costs which was responsible for the maintenance of high prices. But what are the true facts? The consumer is not in a position to know. It is not known exactly how far inquiry commissions or civil servants of certain departments who control that sort of things can go in such situations.

I suggest that we should make or have made sure that the benefits of the sales tax removal would in fact be passed on to consumer. If that tax had been removed, I think it would have been a lot easier to check whether the reduced cost of building materials has actually been passed on to the consumer and has therefore given a new impetus to the building industry.

I suggest this is very important because housing starts have decreased by about 50 per cent and possibility more. Not only lumber, cement, concrete, electrical wiring or plumbing equipment are involved, but also all secondary materials used in home building. Everyone of those industries is affected when house building is stagnating. Indeed, there is a chain reaction that must be watched.

When we shall consider this bill clause by clause in a few minutes perhaps, we can then study it more in depth. The minister will be in a position to give us more details, more information on every clause. We shall then know what the minister and the government have in mind, and the ultimate purpose of his budget policy.

[English]

**Mr. William Knowles (Norfolk-Haldimand):** Madam Speaker, I am pleased to have the opportunity of saying a few words about a specific clause in this bill and of indicating that, while I am in agreement with many of the items in the budget which benefit the consuming public of this country, there is one item that concerns me particularly as a tobacco farmer and as a member representing a great number of tobacco farmers in Ontario. It is obvious that I intend to talk about the increased tax on cigarettes. I do not do this in a frivolous way, but with the hope, that when I am finished hon. members will realize I am deadly serious in my attempt to impress upon the minister the impact an increase in the tax on cigarettes has on the tobacco farmer, the primary producer, in Ontario.