

I have found out in my discussions with my Quebec East constituents that my fellow citizens understand the need for the Government to control its expenditures and reduce the national debt by increasing revenue first, so as to reduce the interests which much be paid daily on our debt.

The future economic growth of this country depends on our being able to take our financial situation in hand immediately. Our measures will ensure a progressive and considerable reduction of the deficit.

The Government announced an increase in the excise tax on tobacco in the Budget speech. This has now been done. The tax increase of 1 per cent per cigarette also reflects the concern of our Government about the dangers of tobacco for all Canadians, especially our youth. It is true that the tax increase is substantial, especially as concerns tobacco. The harmful effects of the use of tobacco cause incalculable Government expenditures. This provision compares to that aimed more specifically at alcohol, except that in this case we only have a moderate increase. There is a 2 per cent tax increase on alcoholic beverages, instead of a 4 per cent increase that would have resulted from an indexed increase. We all know the federal sales tax was due for a 1 per cent increase starting from January 1st, 1986.

● (1700)

When deciding to maintain the indexation of old age security pensions, this Government not only showed how attentive it was to Canadians, but also showed how the deficit problem may be resolved without any negative impact on any one particular group of Canadians. For this reason, and because of the understanding of the situation shared by all our citizens, people will be treated fairly and the burden—let us make no bones about it, this is a burden we have to face—will be shared fairly by all Canadians across the land.

In order to have its revenues increased, as I said, this Government aims at reducing the interests we have to pay on all our borrowing debts. There will be a one percent tax increase on fuel effective January 1st, 1987. This will affect us all, but we know it is a necessary thing. It is aimed at no region or no group of people in particular.

Without getting into details, Mr. Speaker, I must concede the repeal of sales tax exemptions on a large number of goods will reverse the current situation. Let me explain this. By maintaining the prices of those products at the current level, we would be maintaining artificial prices. The price differentials were distorting the interaction of supply and demand. Standardizing will let market forces play their role. These rates will also eliminate the administration problems that existed to determine which items were taxable and which were not. As you know, Mr. Speaker, some companies employed people whose only job was to go through the numerous pages of literature on various kinds of products to know whether they were taxable or not.

### *Excise Tax Act*

This Bill is fair and just, Mr. Speaker, despite what the Opposition may think or suggest.

Also, this Government is not in any way forgetting our concern for economic recovery in the process. My colleague, the Hon. Member for Lévis (Mr. Fontaine), made a speech on October 24, 1985, on Bill C-80. He raised the increasing problem of inflation as it affects our exports, excluding our natural resources. The Government will deal with this by exempting exports from the excise tax. Also, all tourist literature published by any one of the three levels of Government will be exempted from the federal sales tax. Again, the Government will also foster foreign investment in Canada, while increasing its fiscal revenues.

Not only that, Mr. Speaker, but Bill C-80 introduces a comprehensive system of assessment and appeals similar to that provided under the income tax system, including the right not to pay amounts in dispute until the issue has been settled by the courts. Whatever the critics may say, Mr. Speaker, our legislation is consistently fair and equitable and organized in such a way that all Canadians are helped to bear a fiscal burden that in the long term, and for generations to come, will always be lighter than it was in the past.

I shall, if I may, reiterate the four broad principles of this Bill, Mr. Speaker, and I would say that the first one which is aimed at broadening the base of our federal sales tax will help increase Government revenues. It is a first step towards reducing the interest the Canadian Government has to pay on its loans.

The second principle embodies one of the elements of the Government's strategy to reduce the deficit by raising the federal sales tax. Increases in the excise tax on gas and fuel will compensate for the tax cuts that followed the repeal of the special "Canadianization" tax—quite a mouthful, even after one year, but Mr. Speaker, you may be assured that in time, people should be able to pronounce it without any trouble—and the tax on petroleum imports. Once again, these are measures that will affect all Canadians, and we will all have to tighten our belts together.

The third principle arises from an election promise to eliminate automatic indexation of excise taxes on alcohol and tobacco. Thus, the end of automatic indexation puts an end to future automatic revenue increases without parliamentary approval.

The fourth principle is aimed at producing a comprehensive system of assessments, objections and appeals in connection with the Excise Tax Act. The Government is not a monolith, Mr. Speaker, intent on crushing its subjects. These changes include the principle of "presumption of innocence", thus prohibiting seizure until the taxpayer has a chance to clear up any dispute regarding fiscal responsibility.

Briefly, Mr. Speaker, Bill C-80 is one more in a series of spending restraint programs implemented by this Government.