

to increase the amount of resources at their command—then they will surely invest that money, and as the investment occurs we will achieve prosperity. It is obvious, of course, that when investment does occur, whether it is in the form of factories, construction, the installation of machinery, the buying of equipment to produce goods, and so on, there would certainly be more prosperity.

However, the difficulty with this idea is that investment is so largely a matter of a means to an end, that end being, of course, the production of goods and services for Canadians. When we find the demand for these goods is weak, then there is in fact no real inducement to invest. But we must find the means to encourage that to which earlier Liberal policy, and now Conservative policy, is oriented.

I submit, Mr. Speaker, that when factories operate at three-quarters of capacity or less, or when there is 50 per cent more capacity in existence than they actually need in order to fill their orders, then there is absolutely no inducement to invest even if one uses every tax inducement in the book. One could, of course, have investment take place at some other location, to have more efficient equipment installed so that the end result at that plant will be efficiency of operation. But when demand falls so far short of capacity of production, the end result is going to be a close down at the less efficient plant in order to keep the other one operating. In these times of weak economic demand which Canadians have experienced during these last years, there is only one real possibility for the kind of investment-led economic expansion which Liberals in the past, and now the Conservatives, regard as the basis for Canadian prosperity.

I would like to suggest that the great Canadian need is to ensure that individuals and families, far more than is now the case, have the income which is required in order to live more comfortable lives, in order to buy the goods which are held out to them, particularly at this Christmas season, and in so doing build up a demand for goods which will in turn encourage manufacturers, wholesalers and retailers, to higher levels of activity. Thus there will be employment of more people. It is that kind of increase in demand for goods and services which we want to achieve.

It is patently obvious, however, that that kind of program is not being considered by Bill C-17 which is presently before us. It is obvious that the effect of these various taxes is to take some billions of dollars out of the pockets of ordinary Canadians. It is obvious as well, in looking at the record, that Hon. Members of the present Government, when they were in opposition in the early months of this year, were clearly conscious of that fact. The present Minister of Justice (Mr. Crosbie) in late 1983 said of the sales tax increase which was designed to cover the cost of the special capital recovery projects, as reported in *Hansard* of December 13, 1983 at page 116, that this sales tax increase:

—is a huge regressive tax bite, far greater than the hospital insurance premiums collected by Ontario or any other province that this Government has now introduced legislation to try to stop.

### *Excise Tax Act*

He had one specific concern in mind in making his comment, adding some of the colourful language for which he is well known.

Speaking two months later to the day, he said as reported in *Hansard* of February 13, 1984 at page 1313:

Would he—

That is the Minister of Finance,

—agree to eliminate the federal sales tax increase of 1 per cent next October which he has already imposed on the Canadian consumer? Does he agree that Canadian consumers must be helped if there is going to be a continuing recovery?

That is exactly the question I am asking this afternoon. And I would like to add my question: What is the present Government doing by bringing in that same proposal for us to pass?

Three days later the Minister of Justice made an even stronger statement, and I quote from *Hansard* of February 16, 1984 at page 1444:

The Minister calls it the special recovery tax. He should rename it the special recession tax. There is no recovery. This tax is not going to help it, this special recession tax.

And then he went on to ask:

Where does the Minister help domestic demand in this Budget? He would help consumer demand if he did away with the 1 per cent increase in the federal sales tax that is coming in October. It is a regressive tax that bears more heavily on lower income people.

The New Democratic Party could hardly have said that better, although we might try for greater eloquence. There is the point nicely stated by the present Minister of Justice, that this is a tax that takes money out of the pockets of ordinary Canadians, which in turn reduces the amount of business activity in all of our communities across the country. That means there is not as much business being done in department stores, supermarkets, smaller shops, furniture stores and conceivably automobile agencies. One can name the various businesses affected in every community across the country.

● (1530)

Whether the business happens to be one of the great national chains with which Canada is blessed or cursed, depending on your perspective, or one of the smaller organizations which is an active member of the Canadian Federation of Independent Business, whose president has chosen to be such a firm supporter of this new Government, the result of this taxation is to reduce the amount of business being done. There will be less business being done by wholesalers which means less need for transportation. There will be fewer people at work conceivably on the railways, ultimately in the trucking business, moving goods. Ultimately, given this weaker demand in the economy, there will be less production in factories and far fewer people employed.

What this country needs so obviously is confidence among consumers, not among business people. Business people respond to circumstance; they are going to respond far more genuinely to the confidence of individual consumers if they are told the future is going to be better. We have had a lot of that kind of rhetoric but it seems pretty clear from the level of