

He also managed to prune a few hundred million dollars from the National Defence budget. Mr. Speaker, we are asking Canadians to do their share to help resolve our financial problems. We are asking Canadians to be honest with themselves and with the Government. And now we see the Minister of Finance of this country using hardly acceptable accounting methods to give the impression he is reducing the national deficit, while in reality, his imaginative forecast is misleading.

Mr. Speaker, after three budgets featuring astronomical tax increases, we will end the year 1986-87 with a deficit of about \$33 billion, roughly the same as the deficit incurred during the last full year of the Liberal administration in 1983-84, \$32.399 billion. If we add to that the nearly \$7 billion tax increases plus the money the Government got for selling Crown corporations we might say today that the Canadian Government would have run up a deficit of approximately \$40 billion. Such is the financial picture of the Conservative Government, Mr. Speaker. Where is the deficit reduction we were promised?

• (1640)

[English]

With the Conservative Government in power, everyone agrees that the rich and the corporations feel a smaller tax bite than the poor. From the budget documents we can see that Ottawa will take from individuals in the coming fiscal year, which begins on April 1, \$43.3 billion or 48 per cent more than in 1984-85, the year the Government was elected. These documents also revealed that corporations will pay an estimated \$10.135 billion in federal income tax in the coming fiscal year or 4.3 per cent more than they paid in 1984-85. These figures do not include a 62 per cent increase in federal sales tax and excise tax over the same period.

Not only has the federal sales tax been increased four times by the middle of this year, it has repeatedly been extended to a variety of products previously not covered. The latest victims are candies and ice-cream for kids. These increases, along with other excise tax increases on tobacco, alcohol and gasoline, have added to the tax take of the provinces.

A report last month prepared by the Welfare Council, a federal advisory group, states that a two-income two-children family earning \$15,000 paid \$407 in federal income tax in the calendar year 1985. This year the same family will pay \$770 or a 90 per cent increase. A family earning \$20,112, the poverty line for a family of four in a city of 500 or more, paid \$1,290 in federal income tax in 1985. This year that same family will pay \$1,736 or 25 per cent more.

At the average income level of \$42,000, the federal income tax bite this year will be \$6,102, an increase of 32 per cent or \$1,487. In contrast, the income tax take from a couple earning \$100,000 will have increased by \$319 or 2 per cent for the same period. Federal income tax for a family earning \$80,000 will have risen 8 per cent or \$1,056. These figures are very disturbing. These figures are telling us that the gap between rich and poor in Canada is increasing rapidly and dangerously

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and the Government is not doing a thing about it. In fact, the Government is helping to make it larger.

Since it took office, the Government has promised fiscal reform, but we are still waiting. How long do we have to wait? In his Budget, the Minister of Finance promised we would have a White Paper in the spring so we can know the intentions of the Government. I hope that in the next Budget he will act on tax reform. How can Canadians trust the Minister of Finance or the Conservative Government that they will not, with the excuse of a tax reform, increase taxes? After all, the present Minister of Finance said in the House of Commons on March 6, 1984, that if a Conservative Government were elected "we would cut spending. We would not raise taxes. Tax levels in Canada are already too high", and later in the same speech he said: "If we raise taxes, we provide funds for politicians and bureaucrats to spend". But in his three Budgets, he has increased taxes. Canadians have never experienced such increases since the last World War. How can Canadians today trust the Minister of Finance, the Prime Minister and this Conservative Government that they will not take advantage of tax reform to dig more deeply into the pockets of low and middle-income earners in order to give presents to their friends as they did in the past when they allowed tax concessions to multinationals and high income earners?

[Translation]

Mr. Speaker, the Minister of Finance keeps on talking about the tax reform, making us believe he will deliver the goods as he promised in his February 18, 1987 Budget Speech. We will be waiting impatiently for this famous White Paper to find out what the Government intends to do.

On several occasions the Minister of Finance indicated to the House that if the Opposition had any worthwhile suggestions to make we ought to give him our ideas just so he might come up with a tax reform which all Canadians could live with.

Mr. Speaker, since we are debating economic issues I should like to take this opportunity to offer a few tax-related suggestions to the Minister of Finance so that we might design a fair, equitable and simple tax system for all Canadians.

For starters, the Government must not seek ways to increase taxes if it wants its tax reform to be respected and appropriate. Should the reform lead to higher taxes, the Government must promise to reimburse taxpayers through tax credits or otherwise so as to create a climate of confidence in our tax system.

Mr. Speaker, it stands to reason that a tax reform calls for higher taxes. But then people will protest and the tax reform will lose its objectivity. It is therefore imperative that the tax reform address the problems inherent in our very complex legislation. It should be aimed at eliminating such complexities, everything which Canadians no longer understand and which even some experts find baffling.