

*Income Tax Act and Related Acts*

● (1400)

While listening to my colleague, the Member for Ottawa Centre (Mr. Cassidy), who leads in financial matters in our caucus, I was profoundly impressed by the figures that he put forward, and I want to pull several of those comparisons out of the national statements which were published a couple of months ago by the Department of Finance itself. These are truly startling figures, which indicate the lay of the land, if you will. These are the kinds of figures that tell us, whatever the trees may look like, whatever kind of trimming is taking place in one area or planting somewhere else, what the forest is actually like.

What do we find? From 1984 to 1987, the increase in direct tax payments to the Government by individuals has been from \$37.5 billion to \$53, practically \$54 billion. As my colleague said, this is an increase of 44 per cent in total revenues that the Government of Canada receives from individual taxpayers across the country, a 44 per cent increase in payments by individuals at a time when the gross domestic product of Canada increased by only 24 per cent, by about one-quarter. The increase in revenue ran up towards 50 per cent, a 44 per cent increase.

What happened in another area of revenue receipt for the Government, that area of taxation, of direct taxes paid by the corporations of the country? What do we find here? As my hon. colleague said, there is actually a decrease in the amount of tax paid, from something over \$11 billion to less than \$10.5 billion from 1984 to 1987.

What needs to be emphasized here in the forest of taxation as they used to prevail and as they exist now, is that the forest of individual tax payments has grown enormously while the forest of corporate tax payments to the Canadian Government remains smaller and smaller, relatively speaking.

There was a time when the corporations of Canada paid as much in direct tax to the Government of Canada as individual taxpayers do. That now seems to have been a long, long time ago, but when you go back a quarter of a century and a bit more and you find yourself in that era, you see that the forest of corporate direct payments to the Government is just about as luxurious as this overgrown forest of payments by individuals. But gradually the proportions changed to two to one, and three to one.

When we reached direct payments in 1987 of \$54 billion by individuals, and of \$10.5 billion by corporations, we were beyond five to one in the proportion. There is the large sense of the way in which the tax system is being applied. There is the evidence of how very little real reform there has been in the finances of this country on the taxation side.

I would note that if we add the indirect taxes which the federal Government receives as well, and note that those have grown from \$18 billion in 1984 to \$23 billion, which is an increase of some 30 per cent in indirect taxes, we have

measures there of the way in which the sales tax and the excise tax arrangements of the country have been made so much more onerous, so much heavier for individuals and for families in Canada as a result of the activities of this Minister of Finance.

These are certainly clear evidence of a lack of genuine reform, of real progress towards tax fairness, when we note that this is the situation just preceding a two-stage reform of our tax system in which the Minister of Finance has made minor reductions in personal income tax, belatedly, this summer—and they were proposed a year ago. They began taking effect in July of this year—this is perhaps less the sword of Damocles hanging over the ruler than it is an enormous boulder or, if you will, a rock slide on a mountain which is trembling over us.

We are not quite sure how wide it is going to be. We do not suppose that the Minister would have the courage to tax food, but we are never quite sure with this Government. The number of broken promises to this Government's credit is very large, and with assurances after an election, who knows? The trade deal is the largest evidence that you could attack something in an election campaign, before and during it, and then go ahead and do it afterwards. That kind of lack of faith that is so destructive of the democratic system leaves all of us far from certain that in the Minister's plans to tax every transaction in this country, every exchange in dollars, every purchase of services, to take in every cent he can get, to increase the burden on individuals in the country, he is not going to apply it food too.

**Mr. Cassidy:** Shame.

**Mr. Epp (Thunder Bay—Nipigon):** The 10 per cent telecommunications tax is in fact a nice indication of the kind of unfairness that this Government has put into the system.

I had an interesting exchange some months ago with the chair of the Finance Committee—the Member for Mississauga, I believe it is, or is it North?—that the tax on long distance telephone calls is primarily a business expense. Since the businesses are getting cheaper telephone calls, why should they complain if they have to pay something more in the way of a new tax? He completely failed to recognize that in regions of the country, isolated areas such as northern Ontario, and even there, for people outside a city such as Thunder Bay long-distance calls are the stuff of everyday life. In addition, it applies to people who can live a full and happy life in Toronto without ever having to worry about long-distance calls. I have constituents who routinely, partly in terms of business such as perhaps a dairy, face long-distance telephone bills of \$150 or \$200 a month. For those people to have to pay 10 per cent every month of that entire long-distance telephone bill is just an indication of the kind of unfairness that Michael Wilson has put into the tax system.

**Mr. Cassidy:** Shame.