

tax would apply to practically everything including productive machinery and all sorts of things. Of course, that was when the Liberals were in their 60 days of action.

**Mr. MacEachen:** Decision.

**Mr. Lambert:** Sixty or one hundred, I do not know.

**Mr. MacEachen:** Decision.

**Mr. Lambert:** "Decision". Well, it was 60 days of unmitigated daily disasters, as we recall it. Experts were hired for the preparation of the budget, which was then found to be contrary to practice. Amateur tinkers were working with an amateur minister, and National Revenue officials were not consulted at all either with respect to income tax or customs or excise tax. Then when they were in deep trouble it was rumoured that the deputy minister of national revenue on the one side of that department just merely took off and went fishing, leaving the minister to wriggle on the end of the hook he had so fashioned.

In any event, now we are coming to these proposals, and while this debate will only last for today, because of the importance of the subject matter being covered I am very pleased to have participated through, shall we say, informal channels, to have this bill referred to the Standing Committee on Finance, Trade and Economic Affairs rather than being considered as a ways and means bill in Committee of the Whole.

There are some very contentious areas. The minister has quite candidly admitted that one of the areas which will be very difficult and which will excite a great deal of controversy is the so-called marginal manufacturing. I will not talk too much about that. My colleague, the hon. member for Capilano (Mr. Huntington), will have something to say because he knows what it is all about. My colleague, the hon. member for Burlington (Mr. Kempling), will also have something to say. While our colleague, the hon. member for Bow River (Mr. Taylor), brought out during debate on income tax the other day some real horror stories with respect to the application and interpretation of the Income Tax Act, the hon. member for Burlington has a whole book of horror stories of incidents about the application and administration of excise tax.

As far as the public is concerned the excise tax is a hidden tax. It is the indirect tax that the retailer has had to include in his price. Somewhere along the line it is included prior to the contact between the retailer or distributor and the consumer.

Provincial sales tax, on the other hand, is not included directly in price, except in the case of some things like alcohol, cigarettes and a few others. By and large sales tax is computed and applied at the time of sale. This means that regardless of who buys a pair of shoes, trousers or whatever the goods might be, and regardless of income, sales tax is paid. All consumers pay the same level of sales tax. This is regressive and contrary to the principle of ability to pay. I saw the Parliamentary Secretary to the Minister of Finance (Mr. Evans) shaking his head a moment ago. The parliamentary secretary, with his

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more inflated salary than mine, pays precisely the same amount of sales tax as I do.

**Mr. Evans:** Not for clothing and footwear for children.

**Mr. Lambert:** Again the hon. gentleman, in his inimitable fashion, is talking about oranges and apples. I am talking about the same commodity. I am talking about furniture, for instance. If he buys a chair and I buy a chair or table, he pays the same amount of tax as I do, and we both pay the same amount as a person earning half our income.

**Mr. Evans:** We pay the same price for a car, too.

**Mr. Lambert:** Taxation is justified in a number of ways. Our friends from the far left—and the government too—clothe themselves with the wraps of sanctity when it comes to income tax by saying that all tax should be on the basis of ability to pay, but that does not apply in the case of federal sales tax. In Ontario, however, when it comes to the question of provincial sales tax, there is an adjustment on the annual filing of income tax returns. When people in Ontario pay their share of provincial income tax, there is an allowance, albeit small, but it is an adjustment so that the lower income earner gets a break in respect of the quantum of estimated provincial sales tax he or she may have paid. There is nothing like that with regard to federal sales tax.

Adding federal sales tax to the cost of commodities is a means of providing fodder for that ever-widening mouth of the government's requirement for funds to spend. Ministers and senior bureaucrats are always looking for ways and means of spending money. They insist that they must spend more. Our bureaucracy is set up on the basis of encouraging spending more money because he who has the administration of a larger budget—or today a bigger envelope or purse—naturally merits a higher salary and usually merits a greater number of people under him.

There is an incentive to spend more money. In order to do so, one must get more money. We have a ludicrous situation today because of the economically and abysmally stupid practice of subsidizing petroleum products. These subsidies frankly are not holes in a rice bag; they are the bottom out of the rice bag.

● (1250)

But the federal government has programs requiring more and more money, and so do many of the provincial governments. True enough, there is the incidence of inflation, a great one now. We have not just achieved double-digit inflation this month, we have reached 12 per cent, the highest in six years. This is a great example arising out of the series of budgets with which the minister has been connected in the past years, when controlling inflation was to be the main aim of the government. Government spending programs were going to be limited. But now we see the truth behind the whole scheme where this government comes out to get more and more money, sometimes trying to legitimize it. We have here an extension of the sales tax on graphic art. Initially a mistake