

*Excise Tax Act*

"The purchasing power is how a Conservative measures his wealth. In 1985, when inflation went up by 4 per cent, wages increased by 3.5 per cent, and the same thing seems to be happening this year. While the purchasing power would decrease by 1 per cent, the tax burden imposed by the Federal Government will have increased by 23 per cent."

The Hon. Member has just left, Mr. Speaker. He cannot accept the facts. There they are. Tax increases of 23 per cent in one year! This affects the purchasing power. This is what we are discussing in relation with Bill C-14, Mr. Speaker, a tax increase on manufactures and air transport. A tax increase on communications and fuel. Are there any others? These are some of the taxes being increased in this Bill, and that is not all. Other measures are expected in the February Budget.

One thing is certain, and that is that, for 1986-87, there will be \$5 billion in tax increases. Yet, we learned in September from the Minister of Finance (Mr. Wilson) that, in spite of this \$5 billion increase in taxes in one year, he cannot control his deficit, which will be \$2.5 billion higher than anticipated. That is how the Conservative Government, which used to accuse the Liberals of being unable to control the deficit, is now doing the job.

Mr. Speaker, I said all this simply to reply to what the Hon. Member said about the efforts of the Conservative Government to reduce the deficit.

As a result, they will still increase the deficit because they are indeed preventing economic growth, increasing inflation and reducing purchasing power. If, let us say, Canadians do not have enough money and the product is too expensive, they have less money available to spend. How will economic growth happen? This is what you Conservatives do not understand—

• (1720)

I cannot reply to the Hon. Member for Duvernay (Mr. Della Noce), Mr. Speaker, because I do not think economics is his strong subject.

I would like to deal with tax reform, Mr. Speaker, because for a number of months, almost a year, I could even say since this Conservative Government came to power they have been talking about tax reform.

**Mr. Malépart:** Words, nothing else.

**Mr. Gagliano:** In the May 1985 budget, after a rather extensive study, the Minister of Finance stated he had given up the idea of a value-added tax, surely because of pressures from small business people. He told us, they were going to review the whole issue and come up with a system, a tax reform—they must reform at least the sales tax. In the February 1986 budget, he stated he had given up the idea of the value-added tax but would introduce a business transfer tax—whatever the terms used in the French version—and within a very short time, perhaps in June, I think that was indicated, he would be tabling a White Paper in order that Canadians could learn what the Government's intentions were on that tax and we

could have had a national debate. So June was September and then October, and not long ago he announced:

THE MINISTER LAUNCHES PRE-BUDGET CONSULTATION AND TABLES GUIDELINES FOR AN OVERALL TAX REFORM

Mr. Speaker, we have nothing on that, no specific information. What is involved actually is a budget consultation which the Minister of Finance does every year. Once the Minister of Finance has tabled his budget, he opens his next round of consultations for the following year. But he would have us believe that tax reform is involved, when all this is about is pre-budget consultation, Mr. Speaker. Clearly, the Minister of Finance does not have a very clear idea of where he is going on that. So he lets go a balloon and says: We are consulting you.

But what is it? Usually, Mr. Speaker, the person involved in a consultation will put forward "x" number of proposals or options. And then that person will ask: "Which of these proposals do you feel is the best, the one we should adopt, which would be appropriate, or are there others?" Mr. Speaker, the Minister has put forward no proposal whatsoever, sticking to empty statements. If the Progressive Conservative Party sat for as many as 20 years in the Opposition, Mr. Speaker, it is no accident: it is a fact. They never have any clear notion of where they are going, no long-term plan of action. Never!

**Mr. Della Noce:** Your party certainly had none, with a \$1 billion deficit.

**Mr. Gagliano:** We remained in power for 20 years, and when we regain power, we will keep it for another 20 years, because we are going to prepare a proper platform. We are going to tell people where we are going. As for you, after two years in Government, you are still carrying out studies.

For instance, last year, the price of postal stamps was increased by two cents, and as a former small businessman, my friend the Hon. Member for Duvernay (Mr. Della Noce) should know what a two cents increase means.

What does the Government do, Mr. Speaker? It says, this is the last increase. The Minister responsible for Canada Post at the time had clearly indicated that it would be the last increase that before the Government could impose another one, Canada Post would have to demonstrate that it has increased its productivity. This Government does not even have the guts to say no to Canada Post! The more so because business people have written letters stating: "Listen, now is not the time to increase postal rates; now is the time to administer this Corporation properly and fine tune its management." But no, Mr. Speaker, they announce that there is going to be a business plan. They have been saying for the past year that it is coming. We thought we were going to get it by Friday. Apparently, it has been postponed, because even within the Conservative caucus, not everybody agrees with this increase. My friend the hon. Member for Duvernay (Mr. Della Noce) may be prepared to accept it, but not the others. There are a few Members who have the courage to stand up and say, as some did the other day in the House: "We are going to fight