

*Excise Tax Act*

litre. If this had been the only increase in tax on gasoline, perhaps it would not have been too difficult to accept. But this is approximately the fifth increase of tax on gasoline.

This is very regressive tax. Because of its size and the type of lifestyle we live, many people in this country are forced to drive to work. Because of those increases, they are required to pay that much more to get to work. One cent a litre does not seem like very much. But where it cost eight cents a mile to travel before, it has now increased a little. If one is travelling several miles a day to get to and from work, it is a major increase in the amount of money one has to spend to go to work. That is not the type of tax that is fair. It is a regressive tax. It has no relationship to the amount of money that is made. If a person is receiving the minimum wage of \$4 an hour, or whatever it happens to be in a particular area, and that person has to drive 20 miles, he or she is paying the same for gasoline as the fellow who receives \$50 an hour and drives the same distance. That type of taxation is unfair to those people who are the least able to pay.

That particular type of tax is the symbol of this particular Government. I remember back in 1979 the then Minister of Finance brought in a Budget which suggested an 18 cent increase per gallon on gasoline. The people of the country rejected it at that time. I guess that the Party learned something from that procedure, because this time instead of putting it all on at once, it put it on on five different occasions. If one adds all those increases up, that 18 cents is back on, and more besides.

This type of regressive taxation has become the symbol of how this particular Party, which is presently the Government of Canada, has a method to reduce the deficit and to carry out the administration of the Government. Rather than progressive taxes, which are levied on those people who can most afford to pay, to the greatest extent possible the Government uses regressive taxes. Those taxes are universal, are quite often on those items which are necessities, and consequently one cannot manage without buying. For example, if someone is driving to work, he or she cannot get along without buying gasoline.

The theory of federal sales tax is quite straightforward. The idea is that those sales taxes are supposed to be applied only once during the progress of a product from the manufacturer, or if it is a primary product, from the farm or forest through to the consumer. That is the theory. However, because of the structure that has developed over the years in the tax system in Canada, quite often we find ourselves paying taxes not only on the value of the product, but also on other taxes.

Although it is the intended aim of the tax suggested for after the election, sales tax or value added tax, it does not work in that manner at all times. For instance, at the present time if one buys a washing machine which might have been worth \$200 at the manufacturing level, by the time it is taken out of the appliance store, it is \$400 or even \$500. Although some of that cost is due to mark-up, a good portion of that increase is

customs, excise, and sales tax. In most provinces the consumer also pays an extra sales tax.

● (1650)

The whole taxation approach is regressive. If the Minister had wanted to reform the taxation system, he would have done it on a global basis rather than on a piecemeal basis.

[Translation]

**Mr. Gilles Grondin (Saint-Maurice):** Mr. Speaker, it is not with a light heart that I take part in this debate, but simply because I think it is important for Canadian taxpayers to know to what extent this Government has decided to increase radically several indirect taxes which sometimes can hurt more than direct taxes. It is also important for them to know that the Government has introduced this Bill somewhat belatedly. Most of the tax measures in Bill C-117 are already in force or will be in force within the next few days, while some others have been in force for over a year. We need only have a look at the measures which were announced in the February 1987 Budget which provided for a 12 per cent tax on candies, snack foods and ice cream, effective July 1, 1987, which have already generated \$60 million in revenues during 1987-88.

There was also a 4 per cent tax increase on cigarettes and tobacco products which has been in force since February 19, 1987, and has generated for 1987-88 some \$70 million in revenues. There was also an increase in air transportation tax of \$4 per ticket which came into force on May 1, 1987, and August 1, 1987, which has generated, again for 1987-88, some \$45 million in additional revenues. Finally, there is the usual sales tax on leaded gasoline compared with no lead gasoline which came into force on April 1, 1987 and has generated for 1987-88 \$30 million in revenues.

Mr. Speaker, when we look at these new taxes, at how much Canadian taxpayers are being asked to pay in direct or indirect taxes, we have to wonder whether the Minister of Finance (Mr. Wilson) and the Prime Minister (Mr. Mulroney) were serious when they said certain things in this House. For instance, on March 6, 1984, the Minister of Finance said that, if the Conservative Party was elected, it would reduce expenditures and not increase taxes as they were already too high. After the Conservative Government was elected, on November 29, 1984, the Prime Minister stated that Canadians were already pouring a lot of money into Government services and felt that they were paying enough as it was. Yet, since the election of the Conservative Government, between 1984-85 and 1988-89, revenue from sales and excise taxes have increased by 77 per cent, personal income tax by 55 per cent and corporate taxes by 28 per cent. It is important to note that it is the taxes paid by individuals, that is personal income tax, as well as sales and excise taxes, which have increased the most, not corporate taxes.

As new tax measures were to be implemented, I would personally have preferred that, if the Government had decided not to reduce the national debt, it would at least implement