

Honourable senators, what we have here is really a government that has raised an additional \$22 billion in taxation since taking office in 1984—

**Senator Perrault:** Robbery!

**Senator Buckwold:**—a government that now pats itself on the back for having reduced the deficit by a relatively minimal amount. We have a government elected on a platform of lower taxes and controlled expenditures, trying to get Canadians to believe that those objectives have been achieved.

Honourable senators, what we are looking at is a magic show featuring that world-famous illusionist, Wilson the Wonderful, who is performing some virtuoso feats and trying to create the impression that Canadian affairs are being properly managed and responsibly undertaken. This government, honourable senators, was elected on a platform of no increase in taxes, and yet we now have Bill C-117 before us. Let me explain how this is done in Bill C-117.

**Senator Perrault:** It is done by astrology!

**Senator Buckwold:** Here are some of the examples. First of all, we have a snackfood tax on ice cream, candy, potato chips, et cetera. Kids just love that tax!

**Senator Perrault:** Taking candy away from kids!

**Senator Buckwold:** Penny by penny, the government will bring in \$70 million this year.

**Senator Perrault:** It is a candy tax!

**Senator Buckwold:** Next, there is a 4 per cent tax on tobacco. Those hooked on this habit will puff up another \$50 million in 1988 and 1989. There is also an increase in sales tax on liquor and tobacco from 15 per cent to 18 per cent.

For those of you who fly, we have a transportation tax increase of \$4, which we are already paying. Therefore, as we take to the air we will put an additional \$50 million into the government coffers.

Then we have an increase in the telecommunications tax to 10 per cent. That tax is levied on long distance calls, telexes and cable TV.

**Senator Perrault:** Tax, tax, tax!

**Senator Buckwold:** To the government and to our illusionist, Mr. Wilson, who is always increasing taxes, that will be worth another \$870 million this year.

**Senator Perrault:** Taxes for the memories!

**Senator Olson:** Taxes on the rural people!

**Senator Buckwold:** Most of these taxes will be paid by rural and small-town folk who, more than most people, use long distance as part of their way of life because of the very nature of the place in which they live.

Then we have a gasoline tax. We will be charged another one cent for a litre of gas. That tax just went on on April 1, and was applied after previous increases by Mr. Wilson of two cents per litre in September 1985, one cent per litre in January 1987 and one cent per litre in February 1987. Do honourable

[Senator Buckwold.]

senators know that that one little extra penny will bring in \$225 million for the balance of this year? Federal gasoline taxes have increased since 1984 by a total of 23 cents a gallon—

**An Hon. Senator:** Wow!

**Senator Buckwold:**—and this is the “no-tax-increase” government.

**Senator Stanbury:** That is more than the 18 cent levy!

**Senator Buckwold:** It is more than the 18 cents and it makes the National Energy Program, which was so severely criticized, look like a piker compared to what this government is doing to those who are using energy.

**Senator Flynn:** Here we are back in the 1980 election!

**Senator Buckwold:** There is not an actual increase in the overall federal sales tax in this legislation, because it would be increased beyond the level the Canadian public would stand for. Since 1984 the federal sales tax has gone up from 9 per cent to 12 per cent. That sounds fairly minimal—only 3 per cent. However, if you are in business you know what happens if you keep adding percentages on to percentages. I would be glad to illustrate to Senator Flynn, and others who are interested, how this 3 per cent federal sales tax increase really ends up costing consumers perhaps as much as 5 per cent by the time the particular product goes through the mark-ups of wholesalers, retailers and other costs of distribution.

Of course, this increase in taxes is one of the reasons the government is now worried a little bit about inflation. Therefore, it is keeping interest rates high to minimize that pressure. Part of that inflation is being brought on this country by the very actions of this “no-tax-increase” government, which is taking in billions of dollars. The 3 per cent sales tax increase will bring in an additional \$3 billion. That tax shows up in many different ways.

Let us get back to the illusion—this business of the government saying that they are really doing well, that they are balancing budgets, that they are creating an improved deficit position, that they are satisfying the Canadian taxpayer. A little while ago the government, again in order to create the impression that it was doing so well, speeded up the payments of withholding taxes. In other words, if you were a business and you held back tax deductions from employees, those deductions had to be sent in earlier. Do honourable senators know how much that little move helped the government in that year? It helped by \$2.6 billion.

**Senator Murray:** Don't you wish that you had thought of it?

**Senator Buckwold:** This year—and I am leading up to Senator Flynn's point here—the government has created a \$1.6 billion windfall by speeding up the payment of the sales tax. Instead of sending in the tax under the usual program, manufacturers who collect sales tax have been asked to speed up their payments and get the money in faster. This will result in a reduction of the deficit for this year of \$1.6 billion. Of course, we know that this is a one-shot deal, and that next year they will have to find some other device. First the government