

Government Orders

Look around you, you can always find people in favour of the status quo. Either they fail to understand, or they are not unduly concerned over the national deficit and the problems related to the current federal sales tax.

Others will concede that the GST should indeed be adopted, provided some major changes are made to our project. The problem we are faced with stems from the fact that there is no consensus on the changes to be made, each interest group having its own homemade solution to propose.

The Official Opposition was satisfied with playing hide and seek with Canadian taxpayers over this issue. Its representatives have stated that they are unconditionally against the GST project, without suggesting any acceptable alternative. In existential terms, we find ourselves on this issue in what I would call the Liberal void.

The New Democratic Party, on the other hand, has proposed several measures, including the possibility of setting up a Royal Commission of Inquiry. What an original and radical solution, Mr. Speaker!

As you know, people have been looking into the problems associated with the manufacturers' sales tax for the past 50 years, but the NDP would like them to continue for several more years. Also, the NDP proposes to reduce by 33 per cent the manufacturers' sales tax. Yet, it makes no effort to explain how we are going to replace these millions of dollars, except by increasing corporate and individual income tax. The NDP proposes a minimum tax of 20 per cent on corporate profits. According to its estimates, this would bring in \$5.4 billion, based on the total benefits of \$27 billion reported by the corporations over the reference year. Simple, is it not? But look out! These \$27 billion in alleged profits are misleading data. This figure is the total of a double accounting resulting in an inflated base for a minimum tax. This figure includes a substantial amount made up of already imposed inter-corporate dividends.

Moreover, this figure reflects in part the incidence of accelerated depreciation which, to a large extent, is being eliminated as a result of the tax reforms adopted in 1988. Finally, a significant part of this figure is related to various incentives for research and development, as well as regional development, measures which the three

parties, including the NDP, consider important for the future of Canada.

These figures apply to the tax year 1987 and do not take into account the fact that the tax reform on large corporations has already increased corporate taxes by \$2 billion. Moreover, the Minister of Finance (Mr. Wilson) announced in December a new increase in tax on large corporations.

In this respect, Mr. Speaker, it must be kept in mind that only 3,500 large corporations are subject to the large corporation tax. When the NDP referred to tens of thousands of profitable businesses that do not pay tax, the large majority are small businesses. Small businesses would be the hardest hit by the 20 per cent minimum income tax proposed by the NDP. Do the NDP propose that the government add an extra 20 per cent to the 12 per cent income tax already paid by small businesses? That party claim they support small businesses. They are strange bedfellows Mr. Speaker! The NDP claim they are the small businessmen's friends. What is an odd kind of friendship, Mr. Speaker! As they say in English with friends like the NDP, who needs enemies?

That kind of proposal, Mr. Speaker, brings nothing but serious trouble for the Canadian economy, especially for our regions, quite apart from its negative impact on small businesses.

After 50 years of studies and discussions on the federal sales tax, after two and a half years of review and debate on the concept and the details of the GST, after months of hearings and discussions in committee and a detailed committee report, the time has now come to proceed with our sales tax reform proposal.

In conclusion, Mr. Speaker, the bill now before us is the result of a long process of reflection and consultations with every walk of life and every region in the country. This proposal is essential if we are to have a healthy Canadian finance, a strong and growing economy, a fairer tax system.

For those reasons, Mr. Speaker, I am proud to support this legislation because it is one guarantee of a prosperous and dynamic future for every Canadian man and woman.