

Oral Questions

Mr. Clark: —for leadership that we have shown on environmental matters.

Some Hon. Members: Hear, hear!

Mr. Clark: I think in these circumstances it is worth making the point that this is only the second time this award has been presented. It was presented last year to the Prime Minister of Norway, the Hon. Gro Brundtland, whose credentials as an environmentalist are very well known. I am sure the Hon. Member would not want to cast a negative reflection upon the credentials of Prime Minister Brundtland, or indeed upon the credentials of Canada by making that kind of implication.

* * *

NATIONAL REVENUE

GOODS AND SERVICES TAX—INCREASED REVENUES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is addressed to the Minister of Finance. During the election campaign, the chairman of the House finance committee pointed out that the Government's proposed new sales tax would increase revenue by some \$10 billion. At the time the Prime Minister said, way out of line. The Minister of Finance said, wrong. I want to ask the Minister of Finance, since he was in the committee yesterday, and finally admitted the truth, about what the chairman of the finance committee had to say, namely, that there was a \$10 billion additional tax grab coming as a result of this new tax. Why did the Minister say one thing during the election and tell the truth after the election?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member is distorting the facts. I have always said that the new sales tax would replace the existing sales tax, plus fund a new refundable sales tax credit, plus lower the income tax rate for middle-income earners, plus I said quite recently that we would remove the surtaxes. The misinterpretation that the Hon. Member tried to apply at the time of the election, and again, is that there would be another \$10 billion on top of that. That is simply not true. The amount of money that will be raised by the new sales tax, the goods and services tax, will be used to replace the existing tax, bring in a generous refundable sales tax, which I would expect the Hon. Member would be congratulating us for, plus we will reduce middle income tax rates.

COMMITMENT DURING ELECTION CAMPAIGN

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister of Canada was on *Canada AM* this morning. He said in response to a question that the people of Canada were not listening to him during the election. He was wrong. The people of Canada were listening to the Prime Minister. The problem is that the Prime Minister was not telling the truth, nor was the Minister of Finance. I would like to pick up on what he just said. He is quoted from the *Toronto Star* during the election campaign criticizing the chairman of the finance committee, the man who was telling the truth. The Minister of Finance said this:

The bottom line is that (the sales tax) will not be used to raise the revenues of the Government of Canada.

Was the Minister of Finance then saying that it was going to be revenue-neutral, that any new sales tax was going to be totally offset in its impact by other tax reductions?

Will the Minister of Finance now admit that he misled the people of Canada, that the new sales tax is not going to be totally offset, and that finally the net effect of this is a thousand dollar per family additional tax grab?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, again I reject what the Hon. Member has just said. I said very clearly in the election campaign—I will repeat what I said in the first answer—that the new sales tax would replace the existing sales tax. It would allow us to reduce middle income tax rates. It would also allow us to remove the surtaxes. I am saying now that because of the seriousness of our financial position, it does not appear that we will be able to eliminate those surtaxes. We have a serious deficit problem.

Well, the Hon. Member is shaking his head, Mr. Speaker. He disagrees that we have a serious deficit problem. He disagrees that we have a debt problem. He does not understand the fact that 12 cents of every tax dollar was going to pay interest about 20 years ago. That has now increased to 35 cents of every tax dollar. If this Hon. Member does not understand the implications of that, and says that we still do not have a serious debt problem, he is in Alice In Wonderland.

• (1130)

Mr. Broadbent: The Minister of Finance used to have credibility. According to the Minister, we had a deficit problem last fall. It did not only appear in the last couple of months. It was last fall that the Minister of Finance was saying these things, and the Chairman of the