

Some people suggest that we should change the federal tax to a type of tax that would apply at the last level of the transaction rather than at the middle stage. This is completely possible. We have a manufacturing tax today, but some suggest that when we reduce that tax the manufacturer very often does not pass the benefit on to the consumer. When we reduced this tax some time ago some corporations were accused of putting the savings in their own pockets rather than passing them on to the consumer.

Constitutionally this could be done. I do not say that we will be doing that, but the House will be studying this problem very soon. That is a tax system being used in many countries in Europe. It is a value added tax. We are exploring new schemes and methods. The most conservative suggestions made in this House very surprisingly always come from members in the NDP.

**Mr. Nystrom:** I should like to ask the minister a question in that regard, Mr. Chairman.

**The Chairman:** Order. The hon. member's time has not expired. If he wants to pursue the matter he has another few minutes available.

**Mr. Nystrom:** Mr. Chairman, I think I have about two minutes so I would like to ask the minister a supplementary question. Is it fair to say that the proposal to levy a federal sales tax at the retail level is now under active consideration?

**Mr. Chrétien:** Mr. Chairman, I would say no.

[*Translation*]

**Mr. Lachance:** Mr. Chairman, following the comments made by the previous speaker, I would simply like to add a few remarks on this bill. You will recall, Mr. Chairman, that I spoke during the debate on second reading and that I then expressed my view on the bill now before us. I believe, Mr. Chairman, that when studying a bill of a fiscal nature it is important to keep in mind the very basis of the financial system, the power granted to various jurisdictions to levy taxes. Mr. Chairman, the hon. member who spoke before me made an intervention on the subject of Bill C-56. He had the inalienable right to do so. However, I am left with the impression that he does not really understand the basis of the Canadian financial system.

I would simply remind the House, Mr. Chairman, that in a federal system such as ours, made up of several levels of jurisdiction, the Canadian constitution and more precisely the British North America Act of 1867 have provided for a redistribution of the fiscal burden and the power of levying taxes. In this respect, Mr. Chairman, the federal government has to power to levy public money through any means or tax system provided for in clause 91(3) of the British North America Act.

Mr. Chairman, the provinces have the power of direct taxation within provincial limits in order to raise revenues on

provincial items as stipulated in clause 92(2). Mr. Chairman, I never meant to say that the federal government should get involved in direct taxation within the provincial sales taxes jurisdiction but simply that it has a general responsibility as far as tax is concerned and more particularly that it has the power to levy taxes in any field and in any way it wants. The provinces, Mr. Chairman, are restricted in the way they raise taxes and I would simply remind the hon. member, who is generally serious but who played the fool a while ago, that if he read the British North America Act over, he would realize that restrictions included in the constitution are not imposed on the federal government but indeed on provincial authorities.

In that sense, the Minister of Finance has made a proposal to the provinces which aims at reducing the sales tax. He did not want to interfere in the business of the provinces by levying his own direct tax, but simply provided for a means to give back to the provinces the missing money. However, it is obvious that the provinces have been used to have jurisdiction in that fiscal field, a jurisdiction which they were entitled to under section 92(2), but as far as I know, Mr. Chairman, tradition has never invalidated the constitution and I would need proof to the contrary to believe it has. In this regard, I think the federal government had—and still has—the possibility of imposing whatever tax it wanted and by whatever means it wished, and in this regard, the sales tax—

**The Chairman:** Order. It being five o'clock, it is my duty to rise, report progress and request leave to resume consideration of the bill later today.

Progress reported.

● (1702)

## PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**The Acting Speaker (Mr. Turner):** Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg South Centre (Mr. McKenzie)—Capital Punishment—Reinstatement of death penalty for terrorists; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Conflict of Interest—Effect of guidelines on former ministers and deputy ministers.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, private bills, public bills.