

*Customs Tariff*

**Mr. Orlikow:** I would put to the Hon. Member, and to you, Mr. Speaker, that customs tariffs bring in revenue, several billion dollars worth of revenue, and when decreases are made, revenue is lost. I am discussing that kind of thing and comparing those changes with the kind of tax losses we have when Governments give away tax concessions to individuals or corporations. To illustrate, the former Liberal Government brought in the scientific and research tax credit system. It believed it would cost the tax system about \$300 million. In fact, it cost the taxpayers of this country \$3 billion. When the Conservative Government took office, there was plenty of evidence that this had developed into a tremendous boondoggle which would benefit the wealthy and those who legally, and sometimes contrary to the law, were able to rip off the system. But what did the Government do? It said it was going to stop it but, instead, it grandfathered it so that more than half of the \$3 billion was lost while the Conservatives were in office.

Through key deductions, including the three year tax holiday for new mines and the incredibly generous write-off and depletion provisions, the tax rate for resource industries was 20 per cent versus the tax rate of 42 per cent for other corporations. Four mining companies alone saved \$250 million because of the three year tax holiday, and these operations had assets of \$11 billion. So I say that this amendment is more than necessary and I intend to support it.

[*Translation*]

**Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs):** Mr. Speaker, I will ask my colleagues on this side of the House—the best side—to vote against this amendment, because we have no intention of proposing tariff increases that will be retroactive to the effective date of the Bill. There is therefore no reason for amending Section 139 as requested by the Hon. Member.

In response to what he said earlier, at least about the issues before the House, he is using statistics to prove that there are people in the highest income bracket who do not pay taxes. He referred to a taxation system, to a position taken by the Economic Council of Canada, and I may remind the Hon. Member that the same Council said that Canada had shown the highest growth percentage in GNP. He did not mention that. He did not mention the present drop in the unemployment rate, as proven by this morning's statistics. In the Ottawa-Hull area it is 6.2 per cent and in Winnipeg, 7.1 per cent, not what other people were saying. These factors are also important for the development of our economy.

Some people would like a society where everybody earns the same salary and everybody pays the same price for goods. Not long ago, I was visiting countries where everybody earns the same salary and everybody pays the same price. You can't even buy stamps!

[*English*]

**Mr. Vic Althouse (Humboldt—Lake Centre):** Mr. Speaker, I would therefore challenge the spokesperson for the Government at his word. He says the Government has no intention of

using the retroactivity sections of this Act. Is it then prepared to simply delete Clause 139, which is very clear in its ability to tax retroactively? It reads very clearly:

Any order or regulation made pursuant to this Act may, if it so provides, be retroactive and have effect with respect to any period before it is made but no such order or regulation may have effect from a day earlier than the day on which this Act comes into force.

● (1230)

Subclause (2) of Clause 139 states:

(2) Subsection (1) ceases to have effect eighteen months after the day on which this Act comes into force.

Therefore, there are 18 months after the coming into force of Bill C-87 during which time the Government can go back to whatever is date of the coming into force of this Bill and impose additional tariffs.

The effect on small businesses, the chief importers of goods into this country, could be phenomenal. The assurance of the Hon. Member who spoke on behalf of the Minister of State for Finance (Mr. Hockin) that the Government has no intention of using this clause is not very reassuring. If it has no intention of using the clause, why is it in there? If it is going to be in there, we think it needs a third subclause, which is what our amendment is, stating that the retroactivity portion of this could not come into effect.

As Members of Parliament we constantly hear from importers who are generally small businesses complaining about retroactivity on tariffs. It means that they can face significant increases in tariff costs after they have, in good faith, imported the goods, paid the tariff in effect, and oftentimes resold the goods based on their cost including the tariff. The ability for the Government to come in with a retroactive tariff and impose it after the fact could very easily and effectively put many of those small importers out of business, if this rule were used improperly or without good recognition of the problem.

Retroactive taxation is not something that the House likes to indulge in. Retroactivity in regard to the imposition of tariffs and duties is something that makes it impossible for importers, who are often small businessmen, to continue to exist.

If the Government has no intention of using it, I say that it should withdraw Clause 139 in total. If not, it should accept the amendment that we have made which takes the teeth of retroactivity away from the Government.

**Mr. Les Benjamin (Regina West):** Mr. Speaker, I am as astonished as my colleagues at the remarks of the Hon. Member from the government side who stated that the Government has no intention of using this clause.

We have proposed an amendment that would effectively stop or severely restrict the application of retroactive tariffs or duties. As a result of the statement made from the government side, it looks as though we do not need this amendment, but we need an amendment that states that Clause 139 should be