

*Oral Questions**[English]*

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I can confirm very clearly that if the province of Quebec or any province treats this as taxable income, we would look to my hon. friend as well as to all members of the House of Commons to roundly criticize that approach by the provinces and try to ensure that there is not an attempt by any province to try to take a credit provided by the Government of Canada to offset the impact of the GST on low income earners. I would hope my hon. friend would support us strongly on that.

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, my supplementary question is for the Minister of Finance. I take it the Minister of Finance is promising to this House that he will take strong action and comments, if provinces do undertake to tax the credit.

The Minister of Finance said in the 1987 budget that profitable corporations should pay their share of taxes. By the end of that year, there was \$27 billion in untaxed corporate profits, most of that in the hands of businesses that made over \$100 million a year.

Will the government start undertaking to tax large corporations for new tax revenue rather than poor and middle income Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this is one of those half-truths that the hon. member puts forward.

She talks about the 1987 budget, but she neglects to say that within four months of that budget we brought down a White Paper on tax reform, one of the principal elements of which was to remove a number of the loopholes that corporations were using to reduce their tax liabilities. The statistics that she and her colleague from Yorkton—Melville use are 1987 statistics, before the corporate income tax reforms took place.

Let me give her two examples of what has happened since then. This year the chartered banks which were paying no tax at that time will be paying about \$700 million or \$800 million worth of tax. At that time there was no large corporations tax. Now we have a large corporations tax that will raise in excess of \$1 billion.

These are two examples of how this government has introduced fair taxation to ensure that corporations will be paying their fair share of taxes.

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, 145 corporations with profits over \$100 million each still remain tax-free and are able to write off 100 per cent of their interest costs. Meanwhile, consumers, small businesses and farmers face the goods and services tax that the minister is proposing, and today again an increasingly rising interest rate.

Will the minister now lower interest rates and scrap the GST?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this is one of those facile approaches that the NDP periodically talks about where we snap our fingers and we get interest rates down.

If she were honest with herself, she would know that that is not possible. She would know that there is a good deal of inflation in the economy today. There is a good deal of strength in the economy today which is leading to those high interest rates. She knows that if the Governor of the Bank of Canada just suddenly dropped the rates, as she would have him do, we would have a financial crisis on our hands.

That simply is not the way to look after interest rate policy. It is not the approach to monetary policy that we are going to follow as a government, because we are committed to getting inflation down and doing so on a permanent basis so that we can get interest rates down on a permanent basis, which will lead to an ongoing healthier economy.

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• (1430)

NATIONAL DEFENCE

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, I am sure that all members of the House will want to join with me in extending our condolences to the bereaved family of Captain Pierre Trottier of Princeville, Quebec—the pilot killed in yesterday's crash of a Canadian Forces CF-18.

I have a question for the Minister of National Defence relating to the several crashes of CF-18 fighter aircraft. Canadians have a right to know the problems surrounding these crashes. Will the minister undertake to make