

*Oral Questions*

rate reduction because people in low and middle-income brackets are going to be good beneficiaries of the drop in the rate.

If we had just left it at that, he would have had a reasonable question because the major beneficiaries would have been people in upper-income brackets. That is precisely why we brought in the upper-income surtax so that people throughout the country, whether they are low, middle or upper income, are all treated in approximately the same way, and in many cases better than they were, but very close to the way they had been treated under the 9 per cent proposal.

**Mr. John Manley (Ottawa South):** We continue to see the inherent regressivity. I notice the minister did not address that one, Mr. Speaker.

[*Translation*]

Mr. Speaker, the minister also promised a sales tax that would be simple and straightforward, but he plans to increase the number of businesses that are to collect and pay the sales tax from 75,000 to more than one million. Furthermore, he intends to impose a sales tax at two levels of government. Despite the changes announced yesterday, it is still a nightmare: too complex and too difficult to administer.

Would the Minister explain to Canada's small businesses what he means by simple?

[*English*]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, the hon. member said that I did not address his point about being inherently regressive. What was inherently regressive was the sales tax that we inherited in 1984. There was no refundable sales tax credit to offset the impact of sales tax in the hands of low-income Canadians. We introduced that in 1986. We have increased it twice, and we are increasing it again in a goods and services tax credit which is a rebate, a cheque paid to low-income Canadians four times a year. Seventy-five per cent of people who are in seniors' families and families led by a single parent will be better off.

• (1430)

How can he continue to utter that nonsense about this being an inherently regressive tax? We have changed that. It was inherently regressive. It is now a progressive tax.

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**PANAMA**

**Ms. Audrey McLaughlin (Yukon):** Mr. Speaker, my question is for the Prime Minister. Early this morning we learned of the American invasion of Panama. We understand that President Bush telephoned the Prime Minister after the invasion was under way. I feel that Canadians have the right to know whether the Prime Minister expressed any objections to the President regarding that military invasion.

The Prime Minister stated this morning that in the OAS, Canada would not support any kind of action to condemn the invasion of Panama. Does the Prime Minister not think that the time has come when Americans no longer have the right to expect that they can intervene militarily in Latin America whenever they choose?

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Ms. McLaughlin:** Is this the way for a civilized government to act in a civilized world? When is the Prime Minister going to communicate to the American government that Latin America is no longer the private backyard of the United States?

**Right Hon. Brian Mulroney (Prime Minister):** Mr. Speaker, indeed I received a telephone call early this morning from President Bush in respect of the actions in Panama. Following immediate consultation with the Secretary of State for External Affairs, the Government of Canada issued a statement which says in part:

The Canadian government regrets the use of force by the U.S.A. in Panama but understands and is sympathetic to the American action in the circumstances, particularly given their concern over the escalating threats to American citizens in Panama.

If my hon. friend believes that Canadians and/or Americans should be indifferent to a declaration of war against the United States by Mr. Noriega, by the murder of American citizens by Mr. Noriega and by his security