

Government Orders

● (1210)

Is it possible, from what I have just demonstrated, that the Canadian tax system may be in need of an overhaul? That it may be time to do some tidying of corporate taxation, after 30 years of adding on and taking off new measures, top-loading as it is termed? If only out of a need for fairness, as I have said, for those who pay their taxes as opposed to those who do not, as well as to streamline the system.

Two years ago, I asked the library for some reference books so that I could know all there was to know about taxation. I do not think my office could have held all of the documentation I would have had to read to be an expert like those folks who get half a million dollars a year to advise businesses to open up branches in tax havens, or those who write in *CA Magazine*.

For all of these reasons, the Bloc categorically rejects what the Liberal majority report states concerning pre-budget consultations. I would like to indicate four approaches the Minister of Finance might use in preparing his next budget.

The first is absolutely vital: the Minister of Finance must reform the corporate taxation system.

Second, as the Quebec Finance Minister asked this week, the federal government must forget about the Canada social transfer for Quebec and give it tax points, in order to eliminate duplication and overlap in the management of this reality, thus enabling Quebec to assume the responsibilities the federal government has abdicated with respect to the most disadvantaged in society. Quebec can take over and do much better.

Our third suggested measure: further defence cuts. Another \$1.5 or 2 billion could well be cut as early as next year. This is something the minister can and must do.

As for the fourth measure, we are asking the Minister of Finance to stop dumping on the jobless, welfare recipients, students and the sick—as well as the seniors who are about to be added to their ranks.

These are the four points the Minister of Finance and his government ought to be guided by, after two years of showing absolutely no compassion toward the most unfortunate of our society, while boasting of how well they are handling public funds, this is nothing but smoke and mirrors.

[English]

The Deputy Speaker: Pursuant to the agreement, the hon. member for Capilano—Howe Sound will now speak for 30 minutes, without questions or comments, on behalf of the Reform Party.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I am pleased to rise today to offer the Reform Party's first comments on the preliminary report of the finance committee's prebudget hearings which was tabled today.

To come right to the point, Reform considers the report's budget recommendations to be too timid. The proposed deficit target of \$17 billion or 2 per cent of GDP in 1997–98 is totally inadequate.

I remind Canadians that even two years from now the government plans to add \$50 million per day to the debt, which by then will be over \$600 billion. This amount is \$2 million more per hour than it collects. Currently the government is spending \$4 million more per hour than it brings in.

In addition, the absence of a definite date for complete deficit elimination is very undesirable, as is the failure to announce any plans for tax reform and reduction.

In the Reform Party's minority report we set out our alternative recommendations to the Minister of Finance: cut spending sufficiently to achieve a deficit of \$12 billion or 1.5 per cent of GDP for fiscal year 1997–98.

It is important to recommend announcement of a budget in balance or in slight surplus in election year 1998–99. In addition, we suggest the minister offer Canadians hope by the promise that budget surpluses generated by economic growth in the following years will be used partly to reduce taxes and partly to lower the debt.

● (1215)

The proportion in which this is done will have to be decided, but a definite commitment to this kind of plan is necessary in order to prevent the successive pressure for using surpluses for further increases in spending.

We urge the minister to initiate plans for the introduction of a simplified tax featuring a single rate with a generous personal and spousal exemption, thereby restoring fairness, visibility and efficiency. This simplified taxation system would end the nightmare of the GST.

Before I present our reasons for opposing the government's recommendations and offering our own, I want to raise a point which troubles me greatly. If the past is any guide to the future, many speakers in the House will attack the fiscal plans of the Reform Party on the grounds they are slash and burn and show a disregard for the welfare of the most needy in society.