

Government Orders

here is attempting to do in bringing a balanced budget back to Canada within four or five years.

[*Translation*]

Mr. Vincent: One minute, Mr. Speaker, is not much for such an important question.

When the economy is as slow as it has been, Mr. Speaker, there are two ways to react for a provincial or federal government. Ours is to say: "Let us reduce inflation and interest rates and recovery will follow." That is what we have done and it is starting to work.

The other way is that of the Ontario NDP government which says: "No, the government will put money in the pot." But which pot, Mr. Speaker? They spend, spend and spend again, as Liberals have done in 1981.

Mr. Speaker, when a government invests in a slow economy, it does not automatically mean that, on the long term, the country or the province will benefit. I had a meeting with some people in Trois-Rivières, Mr. Speaker, and let me tell you that the people in that area are very sensible, they are hardworking people and they really earn their money. They do not approve of a nose government. These people do not agree when the government invests, and invests money coming directly from ever-increasing taxes.

I am confident, Mr. Speaker, that the Conservatives' approach at the federal level will give the expected results, and unfortunately the New Democrats in Ontario will probably have the same results that we have witnessed at the federal level, in 1981-1982.

Mr. Speaker, I know that I must stop here.

[*English*]

Hon. Roy MacLaren (Etobicoke North): Mr. Speaker, the previous participants in the debate this afternoon have drawn attention to the essentially false nature of the motion now before us. It offers to reduce first the deficit and then the debt through the application of revenues from the goods and services tax without reducing government spending in other areas by the equivalent amount. Therefore, we are simply transferring revenue from one account, as it were, to another without achieving real control of government expenditure.

When the government first introduced its sales tax or goods and services tax, it should have detailed why Canadians should pay a tax on almost all goods and services. There was then the possibility that the tax might have been received, certainly not with enthusiasm but at least with somewhat less consternation. I speak of course of the possibility that the government could have made a real impact on the burden of debt which Canada is carrying, which every Canadian carries and which every generation ahead of us will carry, by applying the revenue of a sales tax to the reduction and eventual elimination of our debt.

What did the government do in introducing its goods and services tax? In fact, it explained to the Canadian people that it was to replace the manufacturers' sales tax, a tax that it had itself increased on four different occasions. It argued that the manufacturers' sales tax penalized exports and lowered incentives to invest in Canada. Indeed, all parties, the New Democratic Party, the Conservative Party and the Liberal Party in the previous Parliament agreed that that tax should be replaced by a more equitable sales tax.

• (1830)

The problem the government immediately encountered was that the manufacturers' sales tax was an invisible tax. I do not suppose more than a handful of Canadians realized they were paying such a tax. However, once the government introduced the goods and services tax, paid at the cash register, then Canadians realized that they were paying an additional new tax. What was the government's justification for the tax? To replace the manufacturers' sales tax. The finance minister of the day said repeatedly it would be a revenue neutral tax. The revenue generated by the new tax would be no more than that produced by the former manufacturers' sales tax.

There was no talk then, none whatever, of the government introducing the new tax as a method of reducing and eventually eliminating the debt that burdens this generation and future generations of Canadians.

Had the government at that time been candid with the Canadian people, it would have said: "We propose this new tax as a method of reducing the debt, and for our part as the government we will reduce expenditure. We will in effect enter into a social contract with the