

are essential for the survival of this indispensable organization.

I ask the Government to open up the purse strings and give the necessary money so that the Missing Children's Network can continue its fight against the problem of missing children in Canada.

## ORAL QUESTION PERIOD

[Translation]

### THE ECONOMY

#### THE NEW SALES TAX—MINISTER'S POSITION

**Mr. Paul Martin (LaSalle—Émard):** Mr. Speaker, my question is directed to the Minister of Finance.

The Conference Board of Canada has stated in a study that the new sales tax will reduce the disposable income of Canadians by \$5.5 billion; will cause the loss of 72,000 jobs; will increase inflation to 7.3 per cent; will increase taxes to an incredible extent and consequently will have a very negative impact on the Canadian economy as a whole.

I want to ask the Minister how he can possibly introduce this new tax at a time when the threat of a recession is greater than it ever has been in the last seven years.

[English]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, I want to remind the Hon. Member that there was a unanimous report of the Finance Committee of this House, just a shade over a year ago, which supported the removal of the existing sales tax and the replacement by the Government with the new sales tax comparable to what we are proposing in the goods and services tax.

The Hon. Member referred to a Conference Board report. We have some differences with the analysis of the Board's report. We do not believe that it gives sufficient regard to the very positive impact on investment. This new tax is equivalent to a 4 per cent investment tax credit. We do not believe that it gives sufficient regard to the benefits that this tax will have on the service industry by removing the tax on business inputs. The combination of those factors is going to improve the efficiency of the Canadian economy.

### Oral Questions

Our conclusions are that there will be an improvement in jobs in year one. There will be an improvement in economic output in year one. The benefits are quite clear in the introduction of this tax. This is the replacement of a tax which everybody in Canada says is a very major drag on our economy.

#### PROPOSED GOODS AND SERVICES TAX

**Mr. Paul Martin (LaSalle—Émard):** Mr. Speaker, let us have no red herrings. First, the report which the Minister refers to was not on his proposal.

Second, for God's sake, Mr. Speaker, let us not compare the credibility as a result of the events of the last month of this Government and this Minister with the Conference Board of Canada.

During the election campaign, the Minister stated in a speech in which he called his opponents liars that, and I quote: "Canadians will not pay a penny of additional tax as a result of the sales tax proposal".

The Minister states: "Not one penny". The Conference Board says \$2.7 billion of additional tax a year.

The Minister said on at least 100 occasions that the tax will be revenue neutral. I quote from the Conference Board which states that: "The 9 per cent tax is not revenue neutral".

How does this Minister justify breaking another campaign commitment by the Conservative Party? How does the Minister justify breaking his word?

• (1120)

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, before the Hon. Member gets so excited about this I would suggest that he wait until we see the technical paper that will be coming out at the end of June this year.

I am going to say something which is critical of the Conference Board report. It does not have all the information. Nor does the Hon. Member have all the information.

We have indicated in the brochure entitled *The Goods and Services Tax* that there are going to be some offsets for housing. There will be some offsets for the small business sector.

The Conference Board does not have the information.