

it is still functional, that it is still serving the purpose for which it was intended and that it is still needed. I think that all Canadians would be better served if Parliament could act as a thread which could be used to bind together the disparate parts of Canada. That is what we could do if we were willing to revitalize this institution.

I cannot walk out of this building at night, and I know the hon. member for London West probably cannot either, without looking back on it and feeling a sense of pride and humility. This is, in part, because of the architecture which is so striking and beautiful; in part because of the history of the institution. However, perhaps even more than that, it is because of the potential of the institution. If we are prepared to take action today to breathe life back into this institution and to make it work again, we can serve the purpose of all Canadians. We can ensure that our country is better off for our participation in this institution.

Some hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please! It being ten o'clock, it is my duty to inform the House that under the provisions of Standing Order 58(11), the debate on the motion has been concluded.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FINANCE—A CHANGE IN APPLICATION OF SALES TAX—
POSSIBLE REMISSIONS OF EXCESS TAX. (B) INQUIRY
RESPECTING GOVERNMENT'S INTENTION

Mr. John Gamble (York North): Mr. Speaker, I am grateful for this opportunity to deal, albeit briefly, but, nevertheless, in more detail, with a question which I directed to the Minister of State for Finance (Mr. Bussières) in the absence of the Minister of Finance (Mr. MacEachen) on March 1 relating to the change to be brought about, as a consequence of the budget, in the imposition of federal sales tax. My question to the Minister of State arose out of an answer given by the Minister of Finance to the hon. member for Scarborough East (Mr. Gilchrist).

● (2200)

He had said on February 12:

There is absolutely no increased revenue from that particular change. There is absolutely no additional revenue coming to the treasury. I can assure the hon. member of that.

It was with respect to that issue that I posed the question as whether or not the government would be prepared, in the event

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that additional revenues did in fact materialize, to remit these additional taxes.

The response that I obtained, in my submission, Mr. Speaker, hardly dealt adequately with the issue raised. In the final response of the Minister of State for Finance he said the answer was as simple as the question, simply that as the question does not make sense no answer is necessary.

The question is based on a simple recognition of a mathematical determination that one may readily make. I would urge the Parliamentary Secretary to the Minister of Finance (Mr. Fisher), or whoever else should reply to this issue in debate, to direct his attention to such a determination mathematically.

It so happens that the only time when there will be no change in federal sales tax, as a consequence of changing the base from the manufacturer's level to the wholesale level, is when there is a mark-up between the manufacturer's level to the wholesaler's level by the wholesaler of 12.5 per cent. Any mark-up less than that would result in a saving or a reduction in the tax. Any mark-up at the wholesale level above 12.5 per cent will result in the imposition of additional tax. For instance, at a mark-up over manufacturer's level of 20 per cent, the increased tax generated will be 6.6 per cent; at a mark-up of 30 per cent it will be 15.5 per cent; at a mark-up of 50 per cent it will be 33 per cent; and should the mark-up double the original manufacturer's costs the increase in tax generated will amount to 78 per cent. That is based upon a change from a level rate of 9 per cent, as it currently stands at the manufacturer's level, to 8 per cent, as appears on page 49 of "The Budget in More Detail" tabled in this House by the Minister of Finance on November 12.

I direct your attention to the first complete paragraph on that page, where the words in the second sentence appear as follows:

The general rate will be reduced from 9 per cent to 8 per cent.

These calculations I have given you are based upon those figures, which have often been repeated in this House by the Minister of Finance and his colleagues.

The issue does not end there Mr. Speaker. If you will examine the last sentence in that paragraph, you will find the following:

To equalize the tax between large chain retailers buying goods directly from manufacturers and small retailers buying through wholesalers, the legislation will provide for a higher rate of tax on purchases of taxable goods by the former.

● (2205)

While the 8 per cent level is the general rate of tax giving rise to the increases to which I just referred, we know that the minister intends, indeed, to impose a higher rate of tax for purchases being made under circumstances that large chains are selling the goods to an ultimate purchaser. That increases the tax and does not, in fact, reduce it.