10 years has been the plight of the widow. By setting up these income tax incentives, the Minister is taking direct steps to attack poverty.

We also have a number of measures in the Budget with respect to tax avoidance and tax reform. Revenue Canada now has a new service orientation, which includes opening up offices in new areas of the country, such as in my riding. In addition to providing better service, we are tending to provide a fairer service. Fairer service means not only ensuring that people get good advice but that we can track down people attempting to avoid tax. This Budget provides for an increase in the Revenue Canada staff allocations as well.

In the Budget general rules for tax reform are set out. It is important to recognize that tax reform will be presented this year, before the summer recess. It will be studied by the House of Commons Finance Committee and brought back to the House in the form of concrete legislation toward the end of the year or in next year's Budget. It will result in a dramatic change in the fairness and the progressivity of the tax system in Canada, for example, personal income tax. It is obvious that we have all read the stories of the many high-income Canadians who have avoided paying tax. At the same time many financial commentators have mentioned that you virtually cannot prepare a tax form now without reading three or four books to prepare yourself for it. Things are getting more and more complicated. We need a simpler tax system which has lower rates of taxation so that people do not have the same incentives for tax avoidance. We need one which ensures that the personal tax base is as broad as possible so that people cannot avoid tax. Last year we introduced temporary measures with the special minimum tax provisions. It is obvious these were temporary measures and that the real solution is to recast the whole income tax system. The alternative minimum tax will not be needed because the tax system itself will ensure that the proper rates of tax are collected from those high-income Canadians.

Another thing dealt with through tax reform is the tendency over the last 30 years for the proportion of government revenues provided by personal income tax to increase. In 1960, during the days of the Diefenbaker Conservative Government, only one-third of total tax collections came from personal taxes. That level has risen just about each and every year on a fairly steady basis. By 1986, personal income taxes accounted for something like 50 per cent of total tax collections, which is too high. We want to see the reliance on the personal tax base reduced. It has to be reduced because middle and low-income Canadians deserve a better tax system.

Some Hon. Members: Hear, hear!

Mr. McCrossan: At the same time as we are bringing these new taxes to bear on the high-income Canadians who have been avoiding them, we want to ensure that low-income Canadians, particularly those below the poverty line, are largely removed from the tax rolls.

Mr. Keeper: You must be a red Tory.

Mr. McCrossan: I am a Progressive Conservative.

Mr. Rodriguez: There is no such thing.

Mr. McCrossan: We also have to look at the other main sources of tax revenue. The manufacturer's sales tax used to provide, if we go back to 1960, one-third of our total tax revenue. The base has been narrowing substantially, both as a result of the exemptions given and as a result of the fact that the growth in the economy has been in the non-manufacturing sector. That means the revenues from sales taxes have dropped from one-third of revenue to one-fifth of revenue. We need to look at a broader based tax. Not only are we not collecting tax from the economy as a whole in proportion to its ability to bear the tax, but the current sales tax as it has been allowed to deteriorate over the years provides an incentive for imports, a disincentive for home production, and a disincentive for exports. It is obvious that if we have a tax system that significantly deters the incentives for exports in an international trading world, we are crazy. We have to change that.

• (1640)

I would like to deal finally with corporate tax reform. We have all heard the stories of the very profitable corporations which have made profits through the late 1970s and the 1980s but have not paid corporate taxes. As the Minister has clearly stated, any meaningful tax reform must result in these profitable corporations paying taxes so the Canadian taxpayer can once again have confidence that the tax system is fair and the right people are paying their taxes.

In conclusion, it is obvious that in his four Budgets, the Minister of Finance did a superb job in restoring the Canadian economy and introducing in the tax system a fairness that we all felt existed 30 years ago but had disappeared in the intervening years. It is for these reasons that the Minister of Finance will be regarded as the most important Finance Minister in Canada's history.

Mr. Rodriguez: Mr. Speaker, I would like to put a question to the Hon. Member who just spoke. When he began, he went on at some length about what a fantastic job the Government had done by bringing down interest rates. He attributed the drop in inflation to the great job the Government had done.

When the Government was first elected in 1984 and interest rates and inflation were still high, answers to questions put by the Opposition were repeatedly answered by Government Members using the same line the Liberals had used when they were in office. They said that there was nothing the Government could do about lowering interest rates or about bringing inflation down because our economy was so closely tied to the American economy. They were not prepared to take the responsibility for bringing those rates down.

American interest rates and American inflation rates have come down and we followed them downward. Why is the Hon.