

The member then went on to talk about corporate taxation. He abandoned the arguments about complexity on a personal level and went on to tax havens and other exotic tax matters that do not have anything to do with the ordinary Canadian. Would the member care to comment on tax reform from the perspective of making it simpler or less complicated?

• (1555)

Would he not agree that changing the way in which income tax is calculated is not going to improve government revenues in itself? Would he not agree that in fact we need fundamental tax reform, not in the way we are doing things now but in the fundamental way in which we actually assess taxation on ordinary Canadians?

[Translation]

Mr. Loubier: Madam Speaker, I do not know where to start with this question. It is huge, and it is more of a commentary than a question as such. My statement contained neither speculation nor rumour, it was based on fact. The facts are as follows: since it came to power, the Liberal government has done exactly the opposite, or just about, of what it said it was going to do in the red book, except for infrastructure projects.

It said it would protect society's most disadvantaged; it said it would not tax middle income Canadians. The first thing it did in its first budget, on February 22, was cut unemployment insurance by \$7.5 billion. If these are not the most disadvantaged—I think these are people who are somewhat desperate. They are looking for work and have little to do as well, because, with the tightening up of unemployment insurance measures, whole families have been thrown on welfare. This is what happened in my riding and in the ridings of my colleagues as well. I hope my Liberal colleagues are still checking on the people in their ridings.

Secondly, as for the taxation measures, in 1993 the Prime Minister said: "No problem, we will not tax, we will not increase taxes or income tax". Since we have been here, since we started questioning the government, led off by the Prime Minister, has not ruled out the possibility of an increase in taxes and income taxes. So, they are looking at increasing taxes and income tax for taxpayers, but they are not prepared to clean up the tax system. Where is the logic? There is no way the tax return can be simplified with the present tax legislation.

This is not what I was saying earlier. I was not talking about simplifying tax returns. In any case, we have decided not even to raise this issue any more. Each time we called for a simplified tax return, senior government officials would complicate tax returns even more. So we have stopped raising the issue. People are beginning to get used to the present forms. What I am talking about is an in depth reform of the tax system. I do not know whether you have read the tax legislation for the past 40 years—it is awful.

Supply

I have tried to do my best. I have often taken those books out of the library and have gone to consult them there as well. It is a monumental mess. Only the experts can find their way around. Secondly, you will admit that without this reform, we have a serious taxation problem. Forty-five years ago, corporate taxes accounted for 50 per cent of federal revenues, while the remaining 50 per cent was drawn from individual taxpayers.

Now nearly 83 per cent of federal tax dollars are collected from individual taxpayers. The remaining 17 per cent is collected from businesses. This is an imbalance, an unhealthy one, I would say, and people are increasingly aware of that. It is no wonder that, just about everywhere, and I am not referring to the revolt stirred up by Reformers, people are outraged to see this, they see what is happening and see us walking away from our responsibilities, they see that the government will not even go so far as to review the tax system.

Even if it takes two or three years, it has to be done, such a review must be done. This should have been the first step, the first measure taken by the Liberal government. They talked about it before the election campaign, during the campaign, and even before bringing down the first budget and the Minister of Finance has turned a deaf ear to it all. So has the Prime Minister. Reformers are doing the same because it is a direct attack on their friends, and even on a number of the people they represent who have considerable personal assets.

This review must be carried out, I feel, and so must tax expenditures be reviewed. There was talk earlier of tax treaties; they really must be reviewed individually because, in this area too, people are becoming aware that some large, very profitable companies benefit by establishing phoney companies abroad, in countries considered as tax havens, and thereby avoid paying taxes. Ordinary people cannot do that. They cannot set up such companies and, when they owe a dollar in taxes, be assured that they are hunted down for it.

• (1600)

Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General, Lib.): Madam Speaker, a motion introduced by the Reform Party regarding the government's next budget was debated in the House yesterday. Now the Bloc Québécois is taking a crack at it. Both parties' motions clearly demonstrate that neither has what it takes to accomplish this imposing task or to run a country like Canada, let alone an independent Quebec.

In both cases, political grandstanding takes precedence over real and credible action. The two motions also prove that the two opposition parties do not dare acknowledge the budgetary principles the Minister of Finance applied in last year's budget.

I know that the historic budget he will soon table will be based on these principles. The minister repeated several times that the emphasis of this budget will be on spending cuts and not on tax