

*Government Orders*

I would like to suggest to her that there are hard times in Hawkesbury, in my constituency.

On December 1st, 1982, 20 per cent of constituents in that community lost their jobs. That was because of a pulp and paper mill.

**Mr. Pronovost:** Getting a new Member of Parliament is the only solution.

**Mr. Boudria:** I must tell the Hon. Member for Shawinigan that this is not funny.

I would like to suggest to the Hon. Member opposite that at that time in 1982, 20 per cent of constituents in that area lost their jobs. This no doubt was one of the saddest periods in the history of that community. And now, in 1989, when the rest of Ontario is booming, we are hit once more, with that many constituents losing their jobs. And to add insult to injury, it seems those famous corporations have a knack making such announcements before Christmas, as if this was not sad enough. At least they could show a little more sensitivity when choosing the timing.

Anyway, this is my answer to the Hon. Member for Mégantic—Compton—Stanstead.

[*English*]

**Mr. John Manley (Ottawa South):** Madam Speaker, first I wish to express my gratitude to my colleague from the New Democratic Party who has enabled me to go next in the speaking order. Even as I stand here, I am sure that hundreds of my constituents are beginning to gather out in Ottawa South where they hope to hear the truth about the goods and services tax and to express their discontent and displeasure about it.

I wish to speak on Bill C-20 with reference to a very particular problem in it. I will resist the urge to go into many of my concerns about the tax that is proposed to replace the existing Excise Tax Act, namely the goods and services tax. My concern relates specifically to clause 8 of the bill. I must say at first glance it appears that the proposal in this bill is just to make a few simple changes to the Excise Tax Act, albeit important ones as it involves increasing the rate at which the tax is imposed on various items.

In clause 8 there is a provision that would shift the federal sales tax on laundry detergents from the manufacturing level to the wholesale level, effective January 1, 1990. While this bill and this clause in particular were examined by the legislative committee, I am of the view, having reviewed the proceedings of the legislative committee, that this review unfortunately did not fully address some key problems which ultimately will serve to cause distortions in this industry.

In the first place, I believe that this shift would cause some significant administrative and legal problems as a matter of enforcement of the act, as well as administrative and financial problems for those involved in the distribution chain with respect to this product.

Moreover, some of these complexities would be imposed only one year before the goods and services tax is to be implemented. We all know of the potential complexities and difficulties that are faced with that. It makes one wonder why a mere year before the imposition of the new tax we are changing significantly the application of the old tax to the laundry detergent sector.

As I understand the laundry detergent industry, clause 8 appears to discriminate in favour of one firm in Canada at the expense of others, fundamentally affecting the competitive environment for this product. To be specific, it appears that the firm Proctor and Gamble has been given a hand by the government when it could very well have tended to its own affairs in the current legal framework.

What is even more disconcerting is that it appears that this matter should have been elaborated upon in the legislative committee. For some reason it was not. Clause 8 in Bill C-20 has the effect of interfering in the marketplace where presumably the marketplace has the ability to sort itself out.

Generally, tax shifts of this type are determined through consultation with the relevant industry, usually at the request of the majority of the industry in Canada. It concerns me that the majority of the industry does not concur with the approach the government is taking in this specific case.

Pet litter, video cassettes and automobiles are all examples of cases in which such shifts have occurred in the past, where the majority of the industry in question has made the request to shift the tax to a different level in the production distribution chain. This majority request scenario usually benefited Canadian manufactured