

Oral Questions

Why is he is against this tax when, with the harmonization in the Province of Quebec, the reduction in the cost of new investment is 7.5 per cent. That is equivalent to a 7.5 per cent investment tax credit, which will encourage new investment in Canada, encourage us to become more competitive and encourage a healthier economy.

The hon. member cannot have it both ways.

* * *

GOODS AND SERVICES TAX

Mr. Dennis Mills (Broadview—Greenwood): Mr. Speaker, my question is to the Minister of Finance. Small business employs 40 per cent of the labour in this country. Eighty per cent of the net new jobs created in this country are by small business. Over 90 per cent of business in this country is opposed to the GST.

Why does the Minister of Finance continue to say that business supports the GST when it is in fact a fallacy?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am under no illusions. There are elements of the GST that some parts of the business community do not like. But that does not in any way take away from the importance to the business community and to the economy of Canada for getting on with what is widely regarded internationally as one of the best things that we can do to improve the competitive position of the Canadian economy. It will improve, as I said to the member for LaSalle—Émard, the capacity of this country to bring in new investment, equivalent to a 7.5 per cent investment tax credit. That applies to small, medium and large-size business. It will improve their capacity to create jobs. It will improve the capacity of them to compete internationally. Surely we have to get over this partisan obsession of the Liberal Party and regard this initiative of the GST for what it is, a major improvement to the capacity of this economy to compete.

Mr. Dennis Mills (Broadview—Greenwood): My supplementary, Mr. Speaker, is to the Minister of Finance. We notice in *The Ottawa Citizen* today that the PM is exaggerating and this is becoming widely known.

The hardest hit in bankruptcies are the sectors of construction, retail and tourism. These sectors are also

the sectors that are hardest hit by the GST. Where is the logic of the Minister of Finance to proceed in spite of the overwhelming evidence that it is the wrong thing to do?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I had a visitor in my office yesterday from Germany. He has been living in Germany for about 15 years. He came in and said: "What's this problem about the GST? Tell me, what is it, what type of tax is it?" I explained to him what the tax was and he said: "That is the same as our value added tax in Germany". I said: "Yes, that's right". He said: "Well, what's all the fuss about? It is helping us to compete better as a country". It will help us as a country to compete.

This type of tax is in place in 48 other countries in the world. Some of the smallest economies of the world and some of the strongest economies of the world have this type of tax, and yet the hon. member keeps his head buried right in the sand—

Mr. Speaker: I think we should move on.

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is to the Deputy Prime Minister. We have just heard his justice minister admit that her legal advisers may have blown it in terms of section 51 of the Constitution. Those same legal advisers blew it in terms of their advice on the Canada Assistance Plan which had been struck down by the British Columbia Court of Appeal earlier this year.

I would like to ask the Deputy Prime Minister whether he has thought of the possibility of those legal advisers blowing it yet a third time, and the courts may find that the appointment of those eight senators to be illegal. If that is the case, not only is the GST legislation illegal, but all legislation passed by the Senate or the House of Commons from yesterday on will be illegal. If that is the case, why does he not do the proper thing and withdraw that tax now? Nobody wants this in the country. Get rid of it.

Hon. Kim Campbell (Minister of Justice and Attorney General of Canada): Mr. Speaker, I strongly resent the hon. member's comment that the government's legal advisers have blown it. They have not blown it at all. The government legal advisers are perfectly aware of the situation with respect to section 51(a) which in no way impedes the operation of section 26.