

Government Orders

That is a lot of money. In 1992, the auditor general talked about \$16 billion in revenue lost to those countries regarded as tax havens; \$16 billion is a lot of money. Although all individuals are required by tax laws to report all the money they make outside Canada, corporations and businesses are not. They are not required to report their income outside Canada.

The hundreds of millions, even billions of dollars in profits, as the auditor general said in 1992, that go through the phoney companies set up in these tax havens are not taxed. The profits are sent back to Canada without being taxed, so that thousands of Canadian businesses, most of them large corporations, do not pay one penny of tax while making billions of dollars in profits.

I do not understand why the Minister of Finance has not yet initiated a corporate tax reform, as we have been asking him to do for the past two years. He should do it, if only to be fair to businesses that do pay their taxes, to the majority of businesses—we all know entrepreneurs—with a sense of corporate citizenship.

He should also do it to be fair to those businesses that see other businesses, like the ones I just mentioned, get away with not paying a cent in taxes when they, on the other hand, are bled dry, especially since 1990, to be good corporate citizens, and when individual taxpayers are even worse off than businesses, paying taxes year in year out, while being affected by all the cutbacks, like the ones announced by the Minister of Finance, that were made since 1984 to the UI fund and to federal transfer payments. At the end of the day, it is always the same people, the taxpayers, who foot the bill for these inhuman measures, which border on incompetence in improving public finances as planned.

• (1205)

We are always accused of getting on the case of banks. Well, they will come under scrutiny because, when we look at tax havens and at what the six major Canadian banks are doing, it is outrageous. Is there nothing wrong with these banks being allowed to use such tax havens to avoid paying taxes to the federal government?

There are quite telling figures in this regard. Just the other day, officials of major banks were close to tears, saying: "We have to pay taxes. That is terrible. They are strangling us". Banks will make \$4 billion in profits this year, and they are complaining about being strangled.

Is it normal that the Scotia Bank, for example, has more branches in the Caribbean alone than around the world? Scotia has 33 branches in the Caribbean, in small countries that are generally viewed as tax havens. Thirty three branches. It has one branch in America outside the Caribbean, five in Europe, seven in Asia—I would say there are quite a few more people, potential customers, in Asia than in the Caribbean—but 33 in the Caribbean.

It is the same thing with CIBC: seven branches in the Caribbean. Same for the Royal Bank: ten branches in the Caribbean. There are even countries with a population of barely 60,000 where Canadian banks have four branches.

Is it normal to put up with that? Is it normal to let these banks take advantage of tax loopholes to transfer hundreds of millions in these countries, take the profits back home, not pay any federal taxes, and then announce with great pomp, as they did one after the other last week, record profits for 1995? This no longer makes any sense.

In view of this situation, it is not surprising that, since 1950, the fiscal contribution of Canadian companies, unlike that of individual taxpayers, has been shrinking and is now next to nothing.

Let us take a brief look at history. In 1950, companies paid 23 per cent of all taxes collected by the state, compared to 24 per cent for individual taxpayers. In other words, the contribution of companies and individual taxpayers was essentially the same.

And what were these contributions in 1993? The federal government collected 52.7 per cent of its taxes from individuals, compared to only 6.5 per cent from companies. That change alone should make us wonder. It should make the Minister of Finance, as we have been asking him to for two years, undertake, with our assistance, a comprehensive and in-depth review of the corporate tax system.

But this is not all. On December 8, it was mentioned in the daily *La Presse* that companies should pay more taxes. The article read, in part: "Corporate tax represents a smaller proportion of the GDP in Canada"—a comparison was being made with the United States—"and this gives us reason to believe that it might be possible to reduce some of the tax benefits granted to Canadian companies".

Who expressed that view? It is not leftist groups, nor the Bloc Québécois, the unions or some progressive organizations. Do you know who said that? It is the International Monetary Fund, which is a group of very conservative analysts, conservative not in the political but in the philosophical sense of the word. These people usually ask the Minister of Finance to cut twice as deeply as he actually does in federal programs and expenditures. But this time, the IMF is asking the minister to review the corporate tax legislation and perhaps impose higher taxes on companies, at least those that do not pay their fair share, and there are quite a few of them.

There is a gap between what goes on and what we have been asking for two years from the Minister of Finance. If the minister really wanted to show some leadership in putting our fiscal house in order, he would not target the poor. He should take a comprehensive approach regarding this issue. When we speak of fiscal consolidation, this means not only expenditures but also tax receipts, revenue.