

Oral Questions

My question is for the Minister of Finance. Will the minister concede that he refused to discuss the issue of reforming the GST because Alberta, and especially Quebec, want nothing to do with a national sales tax that would limit their freedom to tax when Ottawa is also preparing to reduce transfer payments to the provinces?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the specific purpose of yesterday's meeting was to exchange points of view on budgetary issues because the federal government is getting ready to table its budget, and several provinces, for example Saskatchewan and Alberta, will also be tabling theirs very shortly. So, the meeting was quite short and its only objective was really to air viewpoints on the upcoming budgets.

Furthermore, I do not need to reread the red book; unfortunately or fortunately, I know it by heart.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, how can the Minister of Finance plan, on the one hand, to reduce the provinces' transfer payments, which will cause a shortfall in social program funding, and on the other, to shrink their tax bases by putting in place a Canada-wide sales tax which would replace provincial sales taxes? Can he explain this to us?

[English]

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, in yesterday's meeting which I must say was very constructive all the provincial finance ministers without exception basically recognized that we have a huge problem at the federal level and at the provincial levels and that it is crucial we work together to solve it. That is really the spirit that animated the entire meeting.

As far as the sales tax is concerned, that was not the purpose of the meeting. I find it incredibly difficult given the tremendous desire of the business community and consumers across this country in every province, including Quebec—all one has to look at is the Conseil du patronat, the consumers associations in Quebec—that everybody in Quebec wants a national sales tax so that we can lower the cost and make it fair.

The only people I know who are against it are Bloc Quebecois members. Then again, they are against everything.

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TAXATION

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, after weeks of telling this House that he could not reveal the contents of the budget, the finance minister appears to have spilled the beans to his provincial counterparts and the

national media. He indicated yesterday that he intends to raise taxes on corporations and so-called better off Canadians.

At what levels of household income does one become a better off Canadian and therefore a target for a tax increase?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, the discussion we had yesterday with the provincial finance ministers, which was actually the second because we had one prior to the last budget, was very worthwhile. It is really part of making federalism work when finance ministers can sit down and basically off the record exchange views and build a common consensus. It was very good.

I did not go into complete detail. What I did was provide the broad outlines, and they did as far as I was concerned.

The point I made yesterday in terms of taxes was that I pointed out what I thought was a reasonably perceptive glance into the obvious. However, I will draw it to the member's attention again. We are going to close loopholes. To the best of my knowledge it is not the poor in this country who are utilizing loopholes.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the Minister of Finance of all people must understand the impact of tax increases on the economy. If tax levels or other charges paid to governments are increased, one effect is to drive capital, jobs and companies out of the country.

Canada Steamships, for example, which is owned by prudent and patriotic people, has registered a number of its vessels under foreign flags of convenience to no doubt avoid paying astronomical registration charges, et cetera.

• (1425)

Does the minister not agree that there will be a flight of capital, companies, jobs and productive individuals out of Canada if they are the targets of tax increases in the next budget?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I would suggest to the leader of the third party that if he wants to go into the details of any company with which I happen to have had some association all he has to do is talk to the Ethics Commissioner who would be delighted to lay the whole thing out in front of him.

I would also suggest that if the leader of the third party wants a lesson in international taxation I am sure that some of his colleagues might explain it to him so that he might begin to understand it.

There is no doubt that any country must be competitive in its tax policies. I can assure the hon. member that we are not the party that brought in 39 tax increases in a row. We are the party