

taxable. The difference as to whether it is taxable or not is a staple.

The fourth edition of a comic book in the same year, even though it is stapled together, is not taxable.

Mr. Richardson: This is the current system?

Mr. Soetens: This is the current system; the system that my colleagues here to the left want to keep in place.

Further, if there is an ad for something taxable in that fourth edition comic book that is not taxable, all of a sudden that book becomes taxable again. This is the stuff that my hon. colleagues on the left are all in favour of. That is one of the reasons why we got rid of it.

• (1720)

It was explained to me this morning by the group that is involved in this particular industry that by removing the federal sales tax from their inputs it is going to be more competitive with all kinds of comic books and games and novels that are imported into this country. They had clear examples of where they were uncompetitive because of the Canadian tax structure. They were positive about how they would do more business. That is, in fact, what the Government of Canada said.

Referring again to this book that my hon. colleague used a little while back, the Economic Council of Canada says we will do more activity by the elimination of the federal sales tax and replacement of it with the GST. We will do some \$9 billion or so in extra economic activity. That is jobs. That is investment. That is a return to Canada of increased economic activity. That is healthy and that helps the deficit because, as you know, Mr. Speaker, taxes are inevitable under our system. As a result of that \$9 billion of increased economic activity, people will pay more taxes and that helps to reduce the deficit. There is a very positive relationship between the GST and the deficit. My hon. colleague just ignores the fact that the GST will have anything to do with improving the over-all deficit projection.

There are some very clear, very concise moves that the government has taken on the goods and services tax which will in fact yield increased economic activity and will result in a reduced deficit.

Government Orders

Colleagues down the way are upset that the government would reduce its deficit, and I can understand why. So far they have been totally bereft of any policies. Their only hope for an election platform for the next election campaign is that those mean, bad Tories did not reduce the deficit. Their fear is that if we reduce the deficit, which we are going to do, they will not have anything to campaign on because they are totally bankrupt of ideas. Not only are they bankrupt of ideas, but I understand that their party is not all that well heeled financially either. In addition to being bankrupt of ideas, they might be bankrupt of over-all thought processes. There is another perspective that might be of interest.

I have another point to make about industrial competitiveness. I am glad the hon. gentleman quoted this book because it has an awful lot of very good information in it which he chose to ignore. It says:

—Canadian productivity growth rates have exceeded those in the United States. According to figures compiled by Statistics Canada and the U.S. Bureau of Labour statistics, this is especially evident in transportation and storage, utilities, construction, and finance, insurance, and real estate— Since all of these industries produce important inputs to manufacturing and resource production, their strong productivity growth gives a boost to Canada's competitiveness.

I guess he did not see that. Just so that you are aware, Sir, that is on page 12. I would hope you would look that particular paragraph up as well because you may find it very interesting. Of course, there are an awful lot of very good quotes in this book on Canadian competitiveness. Again, I am pleased that the hon. gentleman used that book because it provided me with an opportunity to explain it all.

Mr. Milliken: You would have used it anyway.

Mr. Soetens: Actually you are right. I probably would have used it anyway.

The other point I would like to come back to is this idea of provincial governments being, shall we say, asked to carry the burden because we are reducing some of our expenditures. I mentioned, as an example, that in my riding, although there is a desperate need for schools, the provincial government chose not to fund one additional classroom.

I should also point out that in my riding in the last provincial campaign the provincial Liberals came in and said that it was going to fund an addition to our hospital of 125 beds. Mind you, the towns of Ajax and Pickering