

year before he makes a decision as to whether the House should carry on or what will happen this time. But that was the position. The House was dissolved and they went to the electorate. All of those measures were put into effect by order in council and administrative measures taken by that government. So when I made a statement on July 26, it was not to say whether or not some taxes were going to go into effect on the night of July 26; it was to say what our attitude was going to be with respect to these measures that had been in effect since November 16, 1978—

Mr. Baker (Nepean-Carleton): Quite a difference.

Mr. Crosbie:—and that people were paying taxes based on the fact that it was taken that these things would be enacted by Parliament. So people were doing their income tax returns based on the income tax changes. They had stopped paying sales tax. The sales tax was reduced from 12 per cent to 9 per cent—the general federal sales tax. There is still not a thing passed by this House of Commons. This Parliament has not yet passed legislation that approves the reduction in that sales tax rate from 12 per cent to 9 per cent, and it had not passed it between November, 1978, and July, 1979. But people had stopped paying. People were not longer paying 12 per cent; they were paying 9 per cent based on orders in council, jiggery-pokery and hocus-pocus that had been enacted by the previous government.

There is some question as to whether the whole kit and caboodle was legal, as to whether they could really be doing what they were doing. In any event, the public thought they could do what they were doing; the public was acting on the basis that they could do what they were doing. So there was a tax reduction that had been in effect. That is why I had to make a statement on July 26, 1979, on whether or not we were going to go along with these measures then in effect, what we were going to do about them when Parliament resumed, or what we were going to ask Parliament to do.

If Your Honour looks at those two releases, you will see that I deal with the situation in them. I said in the fourth paragraph that most of the measures that will be included in the legislation are measures that we have no choice but to continue, since the Canadian people have been conducting their affairs since November 16 on the basis that the budget provisions brought down that evening were effective at that date. We did exactly the opposite. After our defeat, which I think was on the night of December 13, the lucky 13, is it; or the unlucky 13—

Mr. Baker (Nepean-Carleton): December 13.

Mr. Crosbie: After our defeat on December 13 we had a cabinet meeting the next day, I believe it was. Based on the advice of myself and my department, and the advice of the Privy Council, we decided that we were not going to pretend that the measures in the budget of December 11 were in effect. We issued a statement saying that they were not in effect, that they were not going to go into effect, that they were all to be

postponed until after the election and then we would have to decide what would happen.

We announced our intention to reintroduce them. We were not going to go to the country and weasel and try to pretend that we were not going to do some of the things which were unpopular. We were not going to say one thing to the electorate and do the other when we got in, as hon. members opposite have done, and have done before. So we announced that these measures were not in effect and we passed no orders in council to make them effective. We took no legal steps that would make these provisions effective. So there is a vast difference. Now the hon. Minister of Finance, a gentleman who has been in this House for donkey's years—

Mr. Nielsen: The Prime Minister calls them donkeys.

Mr. Crosbie: He has been in the House for donkey's years, and he is as slippery as a cod tongue in a barrel of cod livers. He tries to say that what he is doing is similar to what I did last July 26. Well, look at the background notes to the notices of ways and means motions, Madam Speaker, and you will see what he was doing last night. He reduced the write-off for oil and gas properties and he made it retroactive to December 11, 1979. That was never in effect before: it is a new tax measure. He imposed a temporary corporate surtax; he made it retroactive to January 1, 1980. It indicates 1979 in his release, but that is obviously a mistake: it is 1980. That is the new corporate surtax. That was not in effect before. That did not come into effect on December 11. We deliberately said it was not going to go into effect because we had been defeated in the House. So he introduced a new tax. He was not announcing that he was going to continue a tax already in effect—not at all. He was introducing a new tax. He increased the levies on tobacco.

● (1300)

Madam Speaker: Order. I am sorry to interrupt the hon. member but, it being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

● (1400)

AFTER RECESS

The House resumed at 2 p.m.