

though the Minister and the Government might think, after seeing some exaggerations, that they must close some gap, or put in some regulations to ensure better control than the way this tax scheme is currently implemented.

Third, a logical and balanced tax reform proposal must reconsider all deductions and exemptions to see whether it would not be fairer that these be replaced by appropriate tax credits. I agree with what the Minister of Finance said yesterday in his Budget Speech. I made the same proposal on many occasions at the Standing Committee on Finance and Economic Affairs over the last few months. When I was Minister of Finance for Quebec, I moved in the same direction.

Fourth, a balanced proposal for tax reform must also consider the way in which individuals contribute to pension funds. If the Government's proposals on pension reform are enacted, the richer one is the more one will benefit from registered retirement savings plans. I suggest that the Government re-examine carefully the proposed changes to the RRSPs so as to bring as much fairness as possible into their implementation.

Fifth, tax reform will have to end the current \$500,000 lifetime capital gains exemption. If the ultra-conservative Reagan administration has found the courage to tax fully practically all capital gains, then Canada, with a \$32 billion deficit, should close that Tory tax loophole immediately.

Sixth, it strikes me that any tax reform proposal will have to deal seriously with the question of corporate taxes. Whilst we all recognize the need for a strong and profitable corporate sector, we must also be concerned with the many stories in recent years of corporations which, through tax loopholes, are not paying their fair share of taxes. Among other things, the Minister of Finance must look carefully at the way that the dividends earned and paid on term preferred shares are treated fiscally. Most of the time the actual system has been used by corporations not only to avoid paying taxes, but also to concentrate power in fewer hands.

● (1210)

Seventh, the Government has proposed on a number of occasions replacing the federal sales tax with a business transfer tax or a value added tax. Since the mechanism of such a tax is very complex, and no specific information has been forthcoming, I urge the Government to table its business transfer tax proposal, or a White Paper, forthwith, so that taxpayers will be able to understand clearly what the Government has in mind.

It is only reasonable that Canadians withhold their comments until they see more of the Government's proposal, particularly in view of the administrative headaches and costs that would be created for small businesses, farmers, home owners and the service industries. Let me state here and now that if the Government implements such a business transfer tax, then the sales tax credits introduced last year would have to be substantially increased so that lower income Canadians

will not be further penalized by the Government. By its regressive nature, the business transfer tax hits hardest at those on small fixed incomes, those with the least ability to pay.

Finally, tax reform should maintain the over-all progressiveness of the tax system. The United States now has a personal tax system with only two rates. I feel that this is insufficient. A progressive system, in which the rich pay relatively more as a proportion of their income than the poor, is the key to a fairer system.

To summarize, let us have an approach to tax reform which is open, all-encompassing, and which has as its objective the lowering of marginal rates which will eliminate the lowest income Canadians from the tax rolls, and which will reduce the ever-increasing tax burden on middle-income Canadians. Let us have tax reform which is equitable and just, and which re-establishes equity between the rich and the poor. Up until now the net result of the last three Budgets has been to widen the gap between those who have and those who have not. This is not the Canadian way. We also need a better tax balance between the individual taxpayer and the corporate taxpayer. Full tax reform is essential to ensure that every partner in the Canadian economy—each and every taxpayer—knows that his or her tax dollar is being levied and spent in the fairest and most efficient way possible.

[Translation]

Mr. Speaker, I should like to deal now with the issue of our trade relations with the United States. The Budget Speech provides all Parliamentarians with a unique opportunity to examine some aspects, in fact all aspects of the Government's economic policy.

Under the present circumstances, how can we not raise the important issue of international trade with a special emphasis on our trade relations with GATT member countries generally, but more specifically our current negotiations with the United States to achieve global free trade?

Ever since this Conservative Government has been in power, it seems to have favoured the *ad-hoc* approach in the area of trade policies. It is a government without a sense of direction. A government which is more concerned about individual trees than about the whole forest.

Mr. Speaker, it is imperative that a government's action should be determined by its vision of the country. Its policies should be coordinated within the framework of a global strategy. This Conservative Government under Mr. Mulroney seems to have no plan of operation. Trying to do too many different things at once, it behaves as though all of Canada's ills and remedies originate in the United States.

From that premise, this Conservative Government has made a series of serious mistakes, but the most serious by far has been to assume that if Canada did not insist quite so much on the United States respecting its political sovereignty, economic benefits would ensue from that which in turn would make it