

Government Orders

to table those documents that he referred to during his intervention.

Mr. Loiselle: Mr. Speaker, I must admit that I do not know which document the hon. member is referring to.

The Acting Speaker (Mr. Paproski): There does not seem to be any documents.

The hon. member for Sudbury has the floor on debate.

Mrs. Diane Marleau (Sudbury): Mr. Speaker, I speak today against Bill C-62 which is an act to implement the goods and services tax.

The hon. member who just spoke, the hon. Minister of State for Finance, used the term "reality". Yesterday in his speech the hon. Minister of Finance said that this tax was based on a vision, and I quote: "—a vision deeply rooted in reality". I say to you that the assumptions which the government uses for its projections are not based on the economic realities of day-to-day life in Canada.

The Government of Canada has based its arguments concerning the GST on certain assumptions. The first assumption is that the Governor of the Bank of Canada will not raise interest rates when faced with the inflation that will be caused by the application of this tax. Even the members on the government side agree that there is going to be inflation with the introduction of this tax.

We all know that the Governor of the Bank of Canada hates inflation and is purposely, right now, keeping the interest rates high to battle that inflation. When the GST is imposed there will of course be a dramatic rise in inflation. What do you think the Governor of the Bank of Canada will do? All indications are that he will raise the interest rates. That is reality.

The second premise is that workers in Canada will not ask for wage increases because of the advent of this tax. I do not know where the hon. Minister of Finance and his workers live, but I know one thing. It is an automatic response of people who wish to keep up with the cost of living. Not only is it an automatic response, it is a necessity. Of course every employee in Canada will try to keep up with the cost of living and will ask for a raise. That is reality.

The third premise that is used with the projections is that all manufacturers will remove the 13.5 per cent manufacturers' sales tax from their prices, this same manufacturers' sales tax which is buried in their prices right now.

The government puts great trust in the theory of free market economics and competition, believing that firms will be forced to pass their savings on to consumers in order to keep their prices competitive against the price of competitors who use the opportunity to lower prices. This may occur in those markets which are perfectly competitive, but reality shows us that most markets here in Canada are not perfectly competitive.

Indeed, many representations were made to the finance committee to the effect that that would not be the case. Mr. Mezon of the Automotive Industries Association told the committee in October of 1989:

—it is going to be very difficult for most manufacturers to pass that along. It is an opportunity to pick up some profits and that is exactly what is going to happen—I think most manufacturers will look at it as a windfall, and that will add to the inflationary effect.

The Montreal Board of Trade also told the finance committee in October 1989 that faced with rising costs due to the sudden increase in inflation, firms would choose not to pass along savings to consumers. That was taken from an article printed in *The Gazette* of Montreal.

Indeed, past experience in Canada indicates that the inflation rate of the price of manufactured goods and all items increased after the manufacturers' sales tax was reduced by 3 per cent in 1978. This would suggest that consumers did not receive all of the savings.

Consumers will be left unprotected, Canadians have absolutely no assurances that they will not be overcharged when they purchase a good after the application of the GST.

They tell us that they are going to set up a mechanism as sort of a watchdog. However, this watchdog will have absolutely no powers to stop gouging. All they can do is report. What use is it six months down the line to find out that you were overcharged? We want to make sure that we are not.