

Statements by Ministers

On June 18, the Minister of Finance tabled in the House of Commons a proposal for sales tax in which food would be taxed. An example was given to show that the new tax on food would not hurt Canadians.

Today, the Minister announced that he will not impose that tax. Yet I cannot trust what he is saying.

Let me explain why. The House will certainly want to pay attention to what he said in his speech. He stated that municipalities, hospitals, school boards, colleges and universities should not bear a greater tax burden under the national sales tax. Why does he use the words "should not"? He also says that basic groceries, prescription drugs and certain medical devices should not be subject to tax. Why use the words "should not"?

I have been part of the Budget speech process for many years and I know that the officials of the Department, if not the Minister, use very precise words. There are reasons for this. If there is certainty that food will not be taxed, we do not say it "should not" be taxed but that "it will not" be taxed. We would say that the municipalities and hospitals "will not" bear a greater tax burden.

I state very sincerely that I do not believe the Minister one bit. If I compare what he said before the election and what happened after the election, and if I compare what he is saying now in this statement with what could happen after the election if by chance he is re-elected, I am sure we would hear more about these items that "should not" be subject to tax. It is not a firm commitment and he may change his point of view.

[Translation]

Mr. Speaker, I should like to return to the matter of financial balance. The minister does not support his statement with figures because he either could not or would not. Why? I want to know. The Minister would not say how much additional revenues he was expecting to collect with his proposals and what exactly would be the cost of those changes. He simply said that everything should balance out. We do not know what will be the tax level on banking institutions. All we know is that there will be a 3 per cent additional tax on tobacco and spirits, although he would not say exactly how much additional revenues it would provide.

Mr. Speaker, we have just lived through five years of economic prosperity which had begun before the Conservative Party came to power. 1983 was a year of very interesting economic growth. 1984: since the Conservative Party came to power in September, it could not claim responsibility for the economic growth which occurred in 1984 and which exceeded 5 per cent; 1986 was also a year of economic growth. During these five years the Government has increased taxes by \$22 billion and, in spite of that, the deficit still amounts to \$28 or \$30 billion a year. Each year the public debt increases by as much as \$30 billion. By the end of this fiscal year, it will amount to nearly \$300 billion.

Mr. Speaker, this is a political party which came to power on the pretence that it would bring down the deficit not through tax increases but by a reduction in expenditures. So I will say again to the Minister of Finance: Sir, you are playing a dangerous game with your credibility, as evidenced by an article published recently that the C.D. Howe Institute said—

[English]

"The C.D. Howe Institute calculates that the total Canadian deficit amounts to 4.1 per cent of the Gross National Product compared with the U.S. deficit of 2 per cent of the GNP".

[Translation]

Mr. Speaker, this Government and this Minister of Finance seem . . . Perhaps I should put it another way . . . When the Hon. Member for Etobicoke-Centre entered the House as Minister of Finance, I don't think people saw the new Minister as an accomplished politician, but he did have a certain credibility in the business world and among ordinary Canadians. When the new Minister of Finance spoke, he had a certain credibility. Today, however, under constant pressure from the Prime Minister's Office which cannot be said to have a monopoly on truth, the Minister is losing that credibility. He is brandishing billions of dollars' worth of expenditures. Mr. Speaker, do you realize that in two weeks, the Minister of Finance has added nearly \$3 billion to public expenditures to pay for items like nuclear submarines, the icebreaker *Polar Sea*, daycare funding and wheat? Three billion dollars! Did anyone hear the Minister say where he is going to get the money? Did you hear anything in his speech today that says those \$3 billion will be financed by increasing sales tax? Did he tell us those additional \$3 billion would increase the deficit? Did he tell us he was going to increase personal income tax? No, not a word about how he was going to finance the \$3 billion! Mr. Minister, you are playing fast and loose with your credibility. No one is going to believe you anymore, not even your Prime Minister.

If we look at today's operation, it is really sad to see what the Minister has done. I don't know whether you looked at everything . . . Mr. Speaker, you may have glanced at the report of the Standing Committee on Finance and Economic Affairs. The Committee travelled across this country. The Committee heard hundreds of witnesses who came with briefs prepared after consulting with thousands of members of their chambers of commerce, professional associations and senior citizens clubs. We received all kinds of briefs. We drafted a very thorough report, and the Hon. Member for Mississauga South (Mr. Blenkarn) must be very disappointed today, because at least 85 per cent of our recommendations were rejected outright.

Mr. Wilson (Etobicoke-Centre): Bullshit!

Mr. Garneau: The Minister of Finance says: Bullshit! I added up all the recommendations we made. Mr. Minister, you are playing fast and loose with your credibility when you say