

Government Orders

If we have a choice between two taxes that are supposedly raising the same sums of money, why should we opt for a tax which affects most Canadians directly and deleteriously?

The second question to the member is this. Most Canadians believe that the level of the goods and services tax will be raised soon after the tax is implemented, as it has been in virtually every other country where it has been implemented. Is there anything in the current tax proposal that will prevent the raising of the 7 per cent level of the goods and services tax once it is implemented? I think Canadians want to know this.

Mr. Nystrom: The answer to the second question about raising the tax is quite straightforward. There is nothing in the bill to prevent it from being raised.

In fact, the Minister of Finance has said many times that he cannot guarantee it. As sure as day follows night, as the years go on, the tax will go up. It takes only a very simple amendment to raise the tax. It will go up from 7 per cent to 8 per cent or 9 per cent. I doubt if it will go down.

One reason why the government wants this is that it is a relatively easy way to raise a few extra billion dollars whenever it needs money. It just takes a little old amendment, Mr. Speaker, and you can raise the tax by one point. That will create revenues of around \$2.5 billion. That is an awful lot of dough and it is a very easy way to do it. That is why this tax must be stopped now, must be killed now. If it is not killed now, it will not be killed in the future.

Mr. Shields: Mr. Speaker, just to comment on the raising of the taxes. The manufacturers' sales tax was raised from 9 per cent to 13.5 per cent during the life of this government. I did not get one letter concerning that increase because the people of Canada did not know that it was being raised. I say to the hon. member that if people know that the tax is going to be raised, it sure is going to put a stop on governments moving in that way.

I would like to go back to tourism operations. I would ask how the hon. member, with his comments in answer to my previous question, can square the idea that in the tourist industry all of the input taxes that go to make up the tourist industry are going to be rebated to the tourism industry. I think there is a legitimate debate on

whether he is correct or whether I am correct. I would acknowledge that.

I would like to say that the biggest single thing against the tourism industry is that party's position on eliminating the entertainment deduction allowed now to people across Canada when they are entertaining business people and so on. I am telling you, Mr. Speaker, that that will have the most devastating effect on restaurants and places of entertainment more than anything else. I would like to see how he can square that.

Mr. Nystrom: I do not think it matters whether the hon. member for Athabasca is right or I am right on tourism. The fact of the matter is that the tourism people came to our committee and they said the tax would hurt them. It would hurt their businesses.

I understand that a great number of letters have been received from Americans who say that because of this tax they will not come here any more. I assume that people who run the tourist industry know their industry well. They know what impact the tax will have on their industry. I think we should take their advice and not argue about who is right, you or me.

As far as entertainment is concerned, right now under tax law the business community is able to write off 80 per cent of its entertainment expenses. That cost about \$1 billion last year. I believe we could save a lot of money by making sure that Mr. Conrad Black cannot always write off his champagne and his caviare when he is entertaining the member for Athabasca.

I do not think that serves any purpose. That is one way that money can be saved. It is not only caviare and champagne that can be written off, there are other kinds of services as well. I sometimes question the value of those services. I am not saying that Jack is involved there but I question some of these write-offs.

• (1620)

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. On debate, the Hon. Parliamentary Secretary to the Minister of Fisheries and Oceans.

Mr. Ross Reid (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, it is a great pleasure for me today to be able to stand and finally participate in a debate in this House on this very important economic policy.