

Excise Tax Act

large, profitable corporations that manage not to pay any income tax year after year.

What else could be done? If we are concerned about the deficit, which we are, let us take some real action and introduce a tax system that treats the various sectors of the economy in a fair and just manner. Who pays income tax in the business sector? Small and medium-sized businesses are paying more than they should because the large corporate taxpayers are getting away scot-free in many cases.

There is another issue and that is the whole matter of the interest rate policy. I am sure when you read all the newspapers this morning, Mr. Speaker, you also noticed that the Americans have reduced their interest rates. Now their interest rates are 2.5 per cent lower than ours in Canada. When one crosses the border there is an extreme variation in interest rates. Can you imagine, Mr. Speaker, what the difference would be in our country if the Minister of Finance came into the House this afternoon and made a statement that tomorrow morning interest rates in Canada will be reduced 2.5 per cent to harmonize with those in the United States.

Two things would happen immediately. It would send a clear signal to those people in the country who want to expand their operations, purchase new goods or supplies, or new services. With interest rates 2.5 per cent lower many economic initiatives make sense. We would have a generation of new economic activity which would result in additional jobs, lower UIC pay-outs, lower welfare pay-outs, more jobs, therefore more sales taxes, personal taxes, and corporate taxes collected. That would be a way to bring in more revenue to reduce the deficit. Not only that, reducing interest rates by 2.5 per cent would save an incredibly large amount of accumulated debt. If 2.5 per cent was knocked off the cost of \$320 billion, billions of dollars would be saved.

Why wouldn't someone with the brains of a Minister of Finance not do that? Why would he not do something that everyone is advocating? Every premier in the country has come to Ottawa on a number of occasions and said: "For goodness sakes, give our regions an opportunity and drop the interest rate down two or three percentage points". However, the Government refuses to do that. It refuses to take action that would result in economic activity, decreased unemployment levels, and

increased opportunities for entrepreneurs, builders and workers. The Government has a better idea: add more taxes on the people who are presently working.

I believe that we are desperately close to a tax revolt. I am not sure what form that tax revolt may take, but on balance Canadians know that they pay too much and will not take it any more. When they get the next opportunity to evaluate the Government and say whether or not they support it continuing in office, there is no question in my mind that those people are going to state that, in spite of some of them being half-decent people, we cannot afford it any longer. They cannot afford to raise their families, continue in business, or continue in farming. People have been pressed too hard.

As parliamentarians, one of the concerns that we must have, and about which the Government ought to be worried, is the development of the underground economy as a result of people's loss of faith in our tax system. Now billions of dollars of transactions are taking place underneath the table. There are no records and no taxes being paid. The best estimate of the size of this sector of our economy is that between \$60 billion and \$120 billion of transactions every year are moving underground because people have lost faith in the system.

They know that while they work and struggle to pay taxes, many people do not pay any taxes. Perhaps some people who live down the block do not pay any income taxes at all, be they individuals or high-income earners. You and I both know, Mr. Speaker, there are many people earning \$200,000 or \$500,000 a year who do not pay any income tax and are able to use the various loopholes. The person who is struggling in a small business, the backbone of the country in terms of employment, knows that while he or she is paying a lot of income tax, Alcan Aluminum does not pay anything, not a single cent. Hees International does not pay anything. Some years the Bank of Montreal does not pay anything. The Royal Bank of Canada does not pay anything.

Why do we not change the system? I wonder if one of the reasons, and I hate to say it but it is a suspicion of mine when one sees which large profitable corporations that do not pay any income tax give financial support to in terms of political Parties, lo and behold, the Conservatives get the lion's share, the Liberals get a fair share, in