

Now, during our second mandate, we are trying to build on those efforts so that Canadian businesses can become even more competitive, both at home and abroad.

Two key reforms involve tax and trade.

As you all know, the proposed federal goods and services tax is currently causing heated public discussion. So let me shed a little less heat and hopefully, a lot more light on the subject.

Fact number one. We have had a federal sales tax for sixty years. Its impact is buried in the prices you currently pay.

Fact number two. The current tax raises 18 billion dollars a year.

Fact number three. We need that money, because we transfer 24 billion dollars a year to the provinces to finance hospitals, universities, welfare and child care - fully one quarter of federal program spending.

And fact number four. A federal sales tax is the way we can pay for medicare, universities and the like without making our income tax rates uncompetitive.

When one considers these four basic facts, it soon becomes clear that the question facing Canadians is not "Sales Tax, yes or no?"

We need a sales tax in one form or another.

The real question is "what kind of federal sales tax is best for Canada?"

And the answer is definitely "not the existing one".

Why must it go?

- . Because it actually favours imports over our own manufactured goods;
- . It raises the cost of our exports so we lose foreign sales; and