

**The Acting Speaker (Mr. Charest):** So, one single short question. I will allow you to ask it, but—

**Mrs. Maily:** Mr. Speaker, I thank you for your guidance. My last question is as follows: Would the Hon. Member remind the House that when the previous Liberal Government bought Petrofina, the transaction did cost almost \$1 billion to the Treasury and the funds were exported to Belgium whereas we allowed by law the Reichmann brothers to purchase Gulf Canada, which will remain Canadian, and this will cost half less in unearned revenue to the Canadian Treasury and, in addition, this will create jobs in Canada rather than—

**The Acting Speaker (Mr. Charest):** Order. The Hon. Member for Laval-des-Rapides (Mr. Garneau).

**Mr. Garneau:** Mr. Speaker, I would ask the Hon. Member for Gatineau (Mrs. Maily) to tell the people at Gulf in Montreal this is going to create jobs, just when they are fighting tooth and nail to survive and will be laid off on December 31. That is the kind of Christmas present they will get from this Government.

Mr. Speaker, the Hon. Member asked me where I got my figures. I got them from papers prepared by the Department of Finance which indicate that by 1990, eliminating the PGRT is going to cost the Canadian Government nearly \$8.5 billion in revenue lost. These are papers I released myself, because the Government did not want to give them to us. Not one Minister has contradicted this.

Regarding the surtax on capital gains, you say that small companies with cash flow problems could invest to benefit from the elimination of this tax, but where are they going to get the money to invest if they have liquidity problems?

Finally, about the economy in general. I was not trying to say that one Government was good in every respect and the other Government bad. That was not what I was trying to do. What I said—

**Some Hon. Members:** Oh, oh!

**Mr. Garneau:** You can shout all you like, but what I was trying to say is that when interest rates went up under the present Conservative Minister of Finance (Mr. Wilson), he said it all depended on the Americans. And what I want to say is that if interest rates go down, they should stick to that line.

As for the Americans, do you know why interest rates went down? They went down because at the international level, they held—

[*English*]

Do Hon. Members opposite know why interest rates went down? It is because a decision has been taken by a number of countries and because of the value of the U.S. dollar, and the Canadian Government was not even invited to participate in this meeting. Do not tell me now that if the interest rates in Canada are going down it is because of the actions of the

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Minister of Finance (Mr. Wilson). That is completely foolish. You cannot win on both sides.

[*Translation*]

Therefore, Mr. Speaker, it is obviously technically impossible that the facts to which the Hon. Member for Gatineau was referring when reading that article be the result of the Budget brought down last May 23. It is impossible because an economy takes longer than that to react.

What I am trying to say is that a 4.5 per cent rate of economic growth in 1984 and a real growth in the GNP must produce certain results. As we know, the rate of growth was 3.5 per cent in 1985, but this is simply a continuation of the same tendency.

What we are trying to tell you however, is that, during the next five or six years, you will try to take \$16 billion from the pockets of Canadian taxpayers, as shown in the forecast up to 1990 which was published by the Department of Finance. You are going to take nearly \$16 billion out of the pockets of Canadian taxpayers in excise tax alone. Since your party is in power and since you are supposed to believe that individual initiative must be the motor of the economy, what effect do you think the fact of taking away such a considerable purchasing power from the middle classes, which are those who pay the most, at least in total, and the poorer classes, will have on consumer demand?

I also wanted to point out that you are taking away additional growth factors from an economy which had already been on the uprise since 1984 or late 1983. Within two years, you could have boasted of creating more jobs if you had taken a different attitude.

I believe, Mr. Speaker, that the economic studies published by a department in their own Government—I think it was the Department of Transport—show the unfavourable effects of a massive tax increase on consumer demand and economic growth. The same thing is true of *Econometra*, which published a document showing the unfavourable effects of such a bill.

That is why I am surprised at the reaction of the Hon. Member for Gatineau (Mrs. Maily). She is repeating certain things, but I do not think that she really knows what is going on. It is incredible that she should say that the capital gains tax exemptions will provide opportunities for small businesses now facing cash flow problems.

**The Acting Speaker (Mr. Charest):** Questions and comments. The Hon. Member for Vancouver-Kingsway (Mr. Waddell).

[*English*]

**Mr. Waddell:** Mr. Speaker, we all make a point of listening to all Hon. Members of the House but I must say that we especially listen to the Hon. Member for Laval-des-Rapides (Mr. Garneau) as a former Finance Minister in Quebec and as an Hon. Member who makes a lot of good sense. I would like