

Government Orders

not applied to education. It is applied to rental housing. That is wrong. It is not applied on rental housing. The member quite distorted what I have said on food. I have indicated all along that take-out food, restaurant food from his favourite restaurant, Winston's and places like that, will be subject to tax.

• (1730)

I think it would help the understanding of this particular proposal if we dealt with the facts and not with the distorted imaginings of hon. members opposite. It is those distortions which are a great frustration to Canadians who are trying to understand what it is all about, what the tax will do, how it will improve the economy and how it will affect them in their day-to-day lives.

Mr. Nystrom: Mr. Speaker, the Minister of Finance has been talking about distortions. I want to ask him about one of his favourite distortions which is telling the Canadian people that the existing MST, or the existing FST, which in 1991 will total about \$18 billion, according to the Department of Finance, will be passed on in its entirety to the consumers of this country.

Will the minister tell us today what kind of evidence or proof he has that the existing manufacturers' sales tax will be passed on to the consumer; that the existing FST will be passed on to the farmer, the worker and the old age pensioner? What study does he have that says that that will be the case? I have not talked to any business people in this country or any manufacturer in this country who believe for a minute that the entire existing \$18 billion will be passed on. Instead, there will be a further price increase for the consumers of this country.

Will the minister tell us what study and what empirical evidence he has that the existing federal sales tax will be passed on? Is it not the truth that we are going to keep the major part of the existing tax and add a 7 per cent tax on top of that, and the whole thing will be inflationary and hurt Canadians from coast to coast?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, the hon. member was doing just fine until he threw in that last one. He knows perfectly well that what he just said was a gross exaggeration, a gross distortion of what will happen. I answered that same question from the member for Gloucester. He can check *Hansard*, I guess he was out of the House. But in the interest of saving time for other

people who want to ask questions, I will not repeat what I said in that previous answer.

It is that distortion, the things that the hon. member just said at the end of his question, which cause people in this country to lose confidence in their political representatives.

Mr. Nystrom: Talk about losing confidence, Mr. Speaker, I want the minister to answer the question. What guarantee can he give the people of Canada that the existing manufacturers' sales tax will be passed on to consumers of this country? What guarantee is there? What study does he have to back up the fact that he keeps repeating and repeating in this House that the existing tax will disappear?

I need some evidence of what he is basing that statement on because nobody believes him. Even his own back-benchers do not believe him. Answer that question and cut out all the rhetoric.

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I was trying to save House time so that other people could ask questions. I have responded to that precise question from the hon. member for Gloucester.

What I have said continually through this whole debate on sales tax reform is that it is very important for businesses and labour to conduct themselves in a way that will allow the maximum amount of savings of that \$18 billion. No guarantees can be given, unless the hon. member wants to have an anti-inflation type of board, a bureaucracy and machinery established. That is the only way that that guarantee can be given.

But it is quite clear from what has happened in other countries that the power of the marketplace, the power of one company, one retailer down the street trying to get some market share out of someone up the street will result in the vast majority of those savings being passed on to consumers.

What I am hearing from both the Liberal Party and the New Democratic Party is quite the opposite of what they should be saying. They should be encouraging business and labour to ensure that the right actions are taken so that we do not have that inflationary impact.

By taking the line that both parties have taken in this debate this afternoon, it is encouraging people to try to get a little bit of savings.