

The remainder, any savings or investments, is free of the goods and services tax. That simply is not fair.

• (1640)

We have families who are spending virtually all their income simply to purchase those goods and services they require to live. We have others, and that includes the members of this House, who statistically spend about 56 per cent of their income on consumption and are in a much more advantageous position than those with lower income. This just simply is not fair.

The minister I am sure is saying that he will compensate those low income Canadians through tax credits. The government is not compensating low income Canadians for the inflationary effect of this tax. Indeed, with the reduction of the proposed tax from 9 per cent to 7 per cent those tax credits were reduced as well.

Who are these Canadians who will be paying and suffering from paying this goods and services tax? What about the single mother who has just lost her job at National Sea Products? She will be paying an extra 7 per cent on her children's clothes and on her children's shoes. The line worker recently laid off from Gillette in Quebec will be paying GST on his purchases. Thousands of workers laid off from VIA will be paying the GST on school supplies and on every purchase and service that they make. Seniors hit by the government's clawback will now have the GST to contend with when buying non-prescription drugs and other purchases.

The regional effect cannot be overlooked. The minister will try to counter these effects by his proposals, but we on this side of the House do not buy it. Canadians do not buy it. There is no trust that this government will in any way be able to make this tax fair for the real people across Canada, the people who this government does not want to talk about, the people of Canada who have suffered most because of this government's regressive policies.

Something must be said, as I said earlier, about the tax credit which the finance minister talks about, the tax credit that he says will mean the poor will not be paying more under the goods and services tax. Yes, it will help some Canadians, but I emphasize only some. Millions of Canadians who live below the poverty line will be hurt by

the goods and services tax. Their taxes will go up and they will simply have less money to meet their needs.

Second, the tax credit is not indexed to inflation. This means of course that each year fewer and fewer low income Canadians will actually qualify for the tax credit.

The Pro-Canada Network has probably described it best:

Like an umbrella that shrinks in the rain, the GST credit will soon shrink to allow the GST to soak millions of dollars from people who are too poor to pay.

Let me make one final point on this supposed protection. When this government decided to change the goods and services tax to a rate of 7 per cent, it made several adjustments to meet the difference in revenues it anticipated. But where did those reductions come from? It is not hard to guess. They came, of course, not from corporate Canada, not from high income Canadians. It was small business, and it was poor Canadians.

Nothing illustrates better this government's attitude to the poor. It treats them with contempt and scorn, and this government's record has been disgraceful. It has institutionalized poverty in one of the most generously blessed countries in the world.

We on this side of the House want to see a country where poverty is eliminated, where we can work toward doing that. The former leader of our party spoke eloquently and passionately about this matter on his departure from this House and set for us a goal that all Canadians should embrace. We ask and we plead with this government to embrace the goal that we must reduce poverty in this country. We must not add to it as this government is doing.

I talked earlier about the regional effect of this tax. All regions of this country will suffer under this tax, but nowhere will the suffering be worse than in the Atlantic provinces that have been so hard hit by this government's policies.

First, there is a tax on freight transportation, making it even more expensive for people in the Atlantic region to ship goods to the populous markets of Canada and the United States and making it even more difficult to compete with industry in central Canada.

Second, employment in the Atlantic region is heavily dependent on the service sector. Services account for some 79 per cent of the region's Gross Domestic Product. According to the Conference Board of Canada,