

*Government Orders*

agenda is to ensure that it is borne on the backs of those who can pay the least.

While this government talks about different statistic trends, the working men and women of Canada have been asking when the government is going to start to improve the well-being of working people in this country.

The fundamental problem remains that this government believes that economic development means creating more wealth for those who already have wealth in this country. That is what it has done and that is what it is continuing to do with this new proposed tax policy.

[*Translation*]

Let us take a closer look at this goods and services tax. First of all, consider the whole process.

Madam Speaker, during the 1988 election campaign, the Conservative Party told Canadians the economy had never been in better shape. The impression it gave was so optimistic even the brightest experts were fooled.

It promised billions of dollars. The government kept saying these dollars were available thanks to its excellent financial management. Of course, they would introduce a goods and services tax, but not to worry. It would merely replace the manufacturers' sales tax. It would not generate new revenues.

During the election campaign they never talked about rising interest rates. They never talked about cutbacks in social programs. And they never said one word, Madam Speaker, about the deficit.

[*English*]

We all know what happened. About 30 seconds after the vote was counted, the Prime Minister, the Minister of Finance and all of the Tory revisionists started telling us that everything was not so great after all. We were told that Canada was facing a deficit crisis, one that was threatening the very economic foundations of our nation. They did not say, of course, that this deficit was doubled by this government.

Suddenly the government said that it could not afford to fulfil spending promises it had made weeks before. And what followed, all in the name of reducing the deficit, was an unprecedented attack on the social programs of this country. All of a sudden, the goods and

services tax was going to involve a whopping tax increase and GST revenues were to be used to fight the deficit.

At the same time we were told that the goods and services tax was revenue neutral.

[*Translation*]

The promise that the new tax would be revenue neutral was the first promise they broke, but many more followed.

The government promised that the GST would be visible. It promised that the GST would be easy to administer. It promised that the provinces would be consulted to ensure that the tax would be fair. It promised that the price of housing would not be affected. It promised sufficient credits for low-income families. It promised that essential goods would be exempt. Promise after promise was broken, and in the end, Canadians were taken for a ride.

[*English*]

What are the implications of the goods and services tax? What does it mean for Canadian nurses, miners, teachers and taxi cab drivers? What does it mean for families in the Atlantic, seniors in Quebec, youth in the west, women in the north? It means, of course, that Canadians will be handing over more of their earnings to the government. Those who earn less will be paying a bigger portion of their income through the goods and services tax than those who make more.

**Mr. Wilson (Etobicoke Centre):** Wrong.

**Ms. McLaughlin:** The goods and services tax is a regressive tax. What that means in plain and simple terms is that it makes the poor pay a bigger slice of their income in tax than the rich. It does so because those Canadians with lower incomes spend virtually all their income on necessities.

The minister has said I am wrong. Let me illustrate. According to Statistics Canada, Canadian families with incomes between \$10,000 and \$15,000—and there are many of these—spend 92 per cent of their income on purchases, on current consumption. It is that consumption that is taxed by the goods and services tax. They are paying 92 per cent of their income just on essential purchases and now they are being asked to pay, should this bill pass, another 7 per cent.

Families with incomes over \$50,000 spend on average only 56 per cent of their income on current consumption.