

the federal sales tax can assist the development of those businesses.

Today, any purchase that is made of a taxable item by a company is susceptible to the tax. For instance, it is important for people to realize that in the future a paper mill can receive the input tax credit on everything it buys to manufacture paper. That is not only the wood that goes into the chippers. It is the chemicals that go with it, the machines, the light bulbs to keep the place going, the typewriters. Anything used in that business will be a tax credit. What we are not seeing is tax on tax. We are not seeing tax produced so that someone else can pay tax on it. What we are seeing is an acknowledgement that the tax is paid once and only once through the system.

Mr. Funk: Let's hear more about the light bulbs.

Mr. Reid: The light bulbs are going out.

Ms. Hunter: I don't think they were ever on.

Mr. Reid: One thing that we hear a tremendous amount about is the question of spending. All of us hear that the tax would be more acceptable if the government were to cut spending, that instead of raising taxes we should attack spending. I would like to spend one or two minutes addressing that question. I think it is important to keep reminding Canadians of the effort that has been made to reduce spending in this country.

Since 1984 we have reduced the deficit by some \$8 billion. In 1984-85 spending was \$16 billion higher than revenue. Now it is \$8 billion less than revenue.

Spending by the federal government in 1989-90 on government programs will have grown by 3.6 per cent, which is lower than any provincial government in this country and lower than any government in Ottawa in the last number of years. In 1984-85 some 19.5 per cent of the economy was comprised of government spending. In 1989-90 it is 16.1 per cent. If we carried on the way it was operating before we would be \$22 billion higher or 21 per cent. By 1993-94 we will not have to borrow and we can start buying back things like treasury bills.

Government Orders

One of the most important parts of the goods and services tax for my province and my constituents is the tax credit, the system whereby we acknowledge that Canadians in certain circumstances may have been hurt by the goods and services tax if we did not take direct and specific action to redress that. The way of doing that is by enhancing and developing the sales tax credit.

In 1986 the credit was \$50 for an adult and \$25 for a child with incomes below \$15,000. In 1990 it is now at \$140 for an adult and \$70 for a child with incomes less than \$18,000. In 1991 it will be \$190 for an adult and \$100 for a child with an income of less than \$24,000.

For single individuals there will be \$100 extra and for single parents one of the children can be claimed as an adult. What effect does that have, remembering that it will be paid four times a year in advance of the expenditure being made? There will be 88.7 million families and individuals in this country who will benefit from the sales tax credit.

Families with incomes less than \$30,000 will be better off under the goods and services tax than they are under the current system. That is where this system is fair. That is where this system addresses the needs of Canadians. That is where this system says to Canadians who need the help that we will give that protection and that help.

I am convinced that this tax, as controversial as it is and as controversial as it will be, is in the best interests of my constituents and I think the constituents of every member of this House. It addresses the realities of Canada in the world in 1990. It will help Canadians be competitive and productive in the next decade. It will protect Canadians who need our help and protection. It will make this country a fairer and a better place in which to live in 1990.

Mr. Barrett: Mr. Speaker, I want to thank you very much for the opportunity to participate in this debate before closure comes down and this tax is rammed down our throats.

I want to ask the member a few questions. He stood in this House and explained to us how wonderful it is going to be for those people who get a rebate. Now think about it. I want to tell the member that there are a lot more people in this country who would rather not pay the tax