

Government Orders

that sort of power. That is why the previous Liberal government with the six and five program did not have the full force that could have come from that type of program.

I want to underscore the point that I made just a minute ago. I get this question a lot from Canadians. How can we be assured? It is not possible for the government to give an absolutely precise guarantee.

What people who ask that question are saying, if they want to have a rollback, is that they want to set up the establishment of a large bureaucracy for basically what will be a six-month to a one-year problem, which is something that we would not be prepared to do.

We believe that the market will resolve the problem as was indicated through the experience of other countries, particularly New Zealand. We heard in the finance committee hearings that companies which tried to get too much by way of price in the implementation were forced to roll back their prices not by government decree but by the power of the marketplace because someone down the street kept their prices down, started to get market share and, as they started to get market share, the competition worked and prices were rolled back.

Mrs. Marleau: Mr. Speaker, in his remarks, the hon. Minister of Finance stated that this tax and I quote his words, "is deeply rooted in reality." I would like to ask the Minister of Finance whether he really understands the reality of low income.

• (1710)

Does he really understand the reality of a single mother trying to house, clothe and feed herself and her family? Does he understand the reality of a 7 per cent increase on the cost of heating their homes, especially for people who live up north where cold is very much an every day fact of life?

Does the minister understand the reality of adding a 7 per cent tax to the cost of transportation? What does the minister plan to do about these realities?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, the simple answer to the question is yes, I do. I do understand the reality of people who are on low incomes. That is precisely why we introduced a refundable sales tax

credit in 1986 and have increased it on two occasions since then. That is precisely why we have placed such a level of importance on the goods and services tax credit, precisely so that we can put Canadians who are in low-income brackets in a better position than they are after sales tax reform than is the case today.

Some 84 per cent of senior citizens and single-parent families will be better off as a result of sales tax reform. Surely that tells the hon. member that we do believe in this and that we do understand its significance. We want to move ahead with sales tax reform so we can make that major change in the position of people who are on low incomes.

I have listened very carefully to the Leader of the New Democratic Party who said that Canadians in low-income brackets would be paying more tax after sales tax reform. That is simply not true. She does not understand the impact of the goods and services tax credit.

I listened to my colleague on the other side of the House, also from the New Democratic Party. She said that 92 per cent of their income is paid on the necessities. What are two of those necessities? Rent and food. Those are not taxed. She gave the clear implication that they were taxed, and I would expect that she would withdraw that implication once she gets on her feet.

An hon. member: Order!

Mr. Speaker: There is a very great temptation under the arrangement to enter into lengthy debate. But I would ask the minister to try to confine his answers to the question that is put.

Mrs. Marleau: Mr. Speaker, if the Minister of Finance is so understanding of the realities of his tax on poor and low-income Canadians, then why has he only partially indexed his tax credit? Why has he not regionalized his tax?

The reality of his partially indexing this credit is that within five years, half a million Canadians will no longer qualify for his refundable tax credit. What does he plan to do about that?

The minister certainly understood about indexing when it came to RRSPs. In his latest proposal he will fully index the range of amounts of moneys that rich people can invest in RRSPs.