

*Supply*

who buys those same goods in northern Canada. With the goods and services tax, that will not be true.

Is it fair that the credits for low income Canadians are not indexed to inflation?

**Some hon. members:** No.

**Mr. Manley:** No. Is it fair that for families who earn more than \$30,000 a year in Canada—not a lot of money at all—that it is regressive for those people, and the minister accepts this? That is not fair.

Have we got a fair tax? No. A visible tax? No. A revenue neutral tax? No.

Did the Minister of Finance ever get up and explain to the Canadian people during the course of the last election campaign, in an open, frank and honest way, what he intended to do with his phase two of tax reform?

**Some hon. members:** No.

**Mr. Manley:** No. Has he got a mandate from the people of Canada to shove this down their throats?

**Some hon. members:** No.

**Mr. Manley:** No. And thank goodness the Senate of Canada is reminding him that we have under our Constitution a bicameral system and that he has to consult with the Senate.

What was the government's mandate? Mr. Speaker, you will remember its mandate. It used it in 1984 and again in 1988: jobs, jobs, jobs. That was its mandate.

What we face in Canada right now is not only 8.4 per cent unemployment and not only the fact that the Conference Board has indicated a potential of a 9 per cent unemployment rate by early next year, but that we have over 1.1 million Canadians out of work.

I support the policy of jobs, jobs, jobs. When a government is elected, its first fundamental priority should be to address the need of its people to work. If there is a trade off, and some of the economists can debate this, between inflation and unemployment, we should go for jobs every time. The tragedy of the high interest rate and high dollar policy this minister has followed is that it will only work if it creates unemployment. It is working because it is creating unemployment.

• (1810)

The government is looking for suggestions. I would like to give it some suggestions. I suggest that it bring in a new budget. I think it is clear that the numbers presented in the February budget were inadequate. The minister himself has admitted that, not in the House. He chose to address the Canadian Chamber of Commerce to say that. He did not tell the House that he was wrong. I say the numbers are wrong and we need a new budget.

A key part of that new budget should be the announcement that pending further discussion and consideration, the goods and services tax will not be implemented. If this was a bad tax before, this is a terrible tax at a time when the country is sliding into a recession. It is a terrible tax at a time when consumer confidence is very low, businesses are closing and people are out of work. To add that 7 per cent burden at that point in time is totally and absolutely wrong. This is the time to stand back and say that we need to look at this again. Is this the time to implement a new consumer tax in Canada?

We also need to look at the process of tax reform and the burden distributed between corporations, the cost of doing business, and consumers in Canada. The consumers have been paying their income tax. The real consequence of this shift from the manufacturers' sales tax to a new value added tax is that about \$5 billion to \$6 billion in existing tax paid at the corporate level as part of the cost of doing business is being shifted downstream to individual Canadian consumers. That is a very large tax increase to put on the backs of Canadian consumers at the point in time when 1.1 million are unemployed, their confidence is down, retail sales are down, housing starts are down, car sales are down, every indicator you can think of is down. What a time to do that. That should be the government's program.

What about its longer term program? It takes a great deal of pride in the things it cuts. I think it is time it start to think about where it needs to invest.

The real problem we face in this country from the point of view of employment is pretty well set out in the recent report of the Economic Council of Canada. It talks about the changing job pattern in Canada. What we face in Canada—and it has nothing to do with parties—is reality. We face the deindustrialization of Canada. We see that Canada is increasingly unable to hold those