

tion. That is why we did away with that tax. It will generate revenues to replace the tax on manufactured goods—\$16 billion—and the Government will secure additional revenues and give credits to less fortunate people so they will not suffer from the goods and services tax.

Nor will this tax apply to such basic commodities as food, prescription drugs and medical devices. The tax will not apply if you sell the existing house in which you live. It will apply to new homes sold by builders, but perhaps it will come cheaper because up till now the 12 percent tax sometimes hits twice the same home built by a contractor. So to people who have to sell their homes, two, three, four, five or ten years down the road I say not to worry, the tax will not apply; it applies on new homes as sold by builders. It does not apply to housing, it does not apply to university education. Low-income people will receive four times a year a credit they can apply towards that tax.

So this was the essence of our tax message for our second term. We moved by steps to free ourselves from the hazardous economic situation put in place by the Liberals and the Socialists, as Hon. Members are aware. By steps we want to break free and better control our lives. The most important message, Mr. Speaker, is to tell our children: We will not leave you in debt. We are going to leave you an active Canada, with opportunities for a quality life. This was the essence of our message, Mr. Speaker.

Mr. Assad: Mr. Speaker, this tax message is four years late. In 1984 your own Leader and the present Minister of Finance stated that within four years they would bring the deficit down to \$7 billion. This has not been done, even in four years. Is that your tax message? European economists will not invest in Canada for the simple reason the Canadian Government is increasing taxes instead of making cuts where needed. If less money was taken away from Canadians, they would be interested in investing here. Is that your tax message? In view of the fact that from 1984 to 1988 you had a \$82 million surplus? It is like someone in debt who for the next four years has significant surplus income. When this happens, we arrange to pay our debts. But, you increased it instead, and now you come here and give us a tax message?

Mr. Fontaine: Mr. Speaker, I would like to have heard the Hon. Member for Gatineau—La Lièvre (Mr. Assad) in 1984. When we came to power, we had an annual

Budget of \$38 billion, but we managed to bring that down. And when we did, your colleagues who were there at the time screamed bloody murder because we managed to reduce the Budget! You should have been there. You should have heard them. You should have read what they said. They objected to our tax increases that were aimed at reducing the deficit, and they also objected to our spending cutbacks. You should have been there!

These people also said that because of the Budget proposals made in 1984 and the years after that, unemployment would rise. The Budget did not cause unemployment. Thanks to the budgets we brought down in 1984 and in subsequent years, we were able to help the private sector create 1.5 million new jobs during the past four years.

When you mentioned European investors who were avoiding Canadian markets, you were wrong, because today, Europeans consider Canada as the promised land for setting up business and developing their American markets, all because of the Free Trade Agreement both your colleagues and the non-elected senators objected to. European investment is rising. You should do your homework. When we speak in the House, we try to inform Canadians, not play politics and mislead them.

You mentioned the debt has increased. Would you like to know why? It has increased because we have to pay the interest that is accumulating on the enormous debt you passed on to us in 1984. And if you take the debt increase, plus \$30 billion in interest per year, it adds up to the difference between what we had when we came to power and what we have today. We managed to keep the debt down to that level and we also managed to improve the state of the economy and increase employment in Canada. You never did that during the 20 years you were in power!

[English]

Ms. Langan: Mr. Speaker, I have a couple of questions for the Hon. Member. He said in his speech that seniors in his riding have a lifetime of experience and do not want to leave their grandchildren with a debt. Has he read the National Pensioners and Senior Citizens Federation submission to the Government of February, 1989 in which it shows that they passed a resolution unanimously urging the Government to eliminate payment of income tax from all Canadian families or individuals whose income is at or below the accepted poverty level? They go on to say that there are numbers of seniors in this country, particularly women, who are in fact living below the poverty line because their only source of income is