

Oral Questions

goods and services tax plus the credit, which is an integral part of that tax, means that low income Canadians will now be spending two or three percentage points less of their income than people in upper income brackets. Therefore, from a regressive tax we have made this into a progressive tax, and that should not be forgotten by the leader of the NDP.

Ms. McLaughlin: Mr. Speaker, that certainly restores our faith and belief in Santa Claus.

Canadians are not going to be fooled. The National Council on Welfare recently stated that since 1984 poorer people are paying 60 per cent more taxes since this government came into power, but Santa Claus did visit the rich because they are paying 6.7 per cent less tax than when this government came into power.

This tax continues to punish those people who are raising their families, buying clothing, but it does let stock market wheeler-dealers get away with their profits tax-free.

Will the Prime Minister admit that this tax is grossly unfair to Canada's poor and that they are paying 1.5 times more tax today than they were when this government was first elected? Cutting the tax credit and not indexing it certainly is simply going to mean that the poor are going to be poorer.

Will the Prime Minister admit that they are really worse off today than they were in 1984?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I would like to draw the member's attention to pages 33, 34 and 35 of the book that I put out this morning with my statement. In most income brackets it demonstrates that Canadians will be better off after the GST combined with the goods and services tax credit relative to the 9 per cent rate. That clearly states that the hon. member is wrong in the statements that she makes about the regressive nature of a sales tax.

The other point that I want to draw the hon. member's attention to is when she talks about the shifting burden of taxation. We in this government have removed more loopholes which have been of benefit to upper income Canadians than any government has done in years and years and years. We have removed all those loopholes

that were brought in by the Liberal party over their time in government.

The result is that the combination of the removal of the loopholes plus the changes in the income tax system that we brought about in 1987-88 has resulted in a shift so that people in upper income tax brackets are paying more income tax as a per cent of the whole than they were before income tax reform.

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[*Translation*]

THE ECONOMY

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, I will change the subject, since it is hard to get an answer from the minister.

Small businesses are being crushed under the burden of high interest rates. Retail sales are down. All economic indicators point towards a recession. This government is attacking small businesses, the most vulnerable sector of our economy, a sector that is now suffering under the negative impact of the free trade agreement.

Considering the precarious state of our economy today, how does the government expect small businesses to survive when the GST is introduced?

[*English*]

Mr. Wilson (Etobicoke Centre): Mr. Speaker, this is the first time that I can recall in my ten years in the House that the NDP has said anything positive about the small business community.

Members of the NDP have continually gone after the small business community. They have continually rejected the proposals that we have brought in to help the small business community. They have continually rejected things such as the \$500,000 capital gains proposal that we brought in to support the small business community. Now we have a change of tune for some short-term political reasons.

What I want to say to the hon. member is that there is no disagreement among all the people who have reviewed the goods and services tax proposal that the long-term benefits for the economy are positive for the small business community, the medium sized business community, and the large business community.

The question that had been raised was what was going to happen in the transition from the existing sales tax to