

Government Orders

The government predicts a slight increase in inflation at the outset of this tax. I wonder for how many farmers this slight increase will be the final straw that breaks their hearts and their will.

Hon. John McDermid (Minister of State (Privatization and Regulatory Affairs)): Mr. Speaker, I am pleased to participate in the debate on the goods and services tax. This is going to be a long evening, as we know, as we debate here into the wee hours of the morning. I will give notice to you now, Mr. Speaker, that I will be speaking for 20 minutes on this very important issue.

I cannot let the previous speaker get away with some of the statements he made. He certainly painted a very gloomy picture of what is going on in this country today, and how depressed it is in his particular area around the Belleville—Trenton area. I see his seatmate there with him who represents the neighbouring riding.

I was there recently. I went to school in Belleville, so I know the area very, very well. Belleville has never had it so good. Industry is growing there. There are industries coming in and expanding. There is job creation in Belleville. The mayor was telling us that the area is second to none. Now the member stands up and tells us all this doom and gloom about his riding, that it is going to hell in a hand basket.

The riding is one of the most beautiful tourist areas around, one of the finest parts of Ontario. Yet the member stands up and makes it sound like it is a depressed area. Well, what nonsense. What absolute nonsense. Belleville and Prince Edward—Hastings are doing extremely well and the area deserves a member who is prepared to stand up and promote it, not to put it into the ground and tell us how doomy and gloomy it is. I know better and the people who live there know better. What nonsense. They did not send that member up here to tell everybody how terrible things are there. What nonsense.

The member talked about the small business, the clothing company that is closing down because of the GST. That clothing company is going to save money on its operations. It is going to be a much more efficient operation. The GST is going to allow it to compete with competitors off-shore. That is what this all about. I am going to get into that in a little more detail in my comments.

I would like the hon. member to bring that individual who closed his operation down because of the GST, to see me, or I will go to see him and explain how it will work and be of advantage to his company. I can certainly explain to him why it will be an advantage to his company. Absolutely. No question.

The member says that the measure is not fair to lower income people. The Minister of Finance, under the goods and services tax, will be enriching a sales tax credit. I might remind you, Mr. Speaker, that the previous administration, before 1984, had a federal sales tax, a manufacturers' sales tax. The Liberals had one in this country, but do you know what? It was hidden, it was buried, and there was no sales tax credit for low-income people. It was not in existence. It was the present Minister of Finance who brought that in.

Mr. Milliken: What was the rate?

Mr. McDermid: It was 12 per cent back then.

Mr. Milliken: Oh, no, no.

Mr. McDermid: Oh, yes it was. I remember when it was 12 per cent. Absolutely, it was 12 per cent back then.

Do you remember that in one budget they brought down the federal sales tax from 12 per cent? The Liberals lowered the federal sales tax but they increased the debt rather significantly. They were fooling the Canadian people at the time. They looked like they were being great guys by lowering the sales tax but they jacked the debt up sky high.

We remember Mr. Chrétien bringing in three budgets in 16 months. He was juggling things around like crazy. He was having a terrible time.

My hon. friend from Prince Edward—Hastings said that this is going to increase prices by 7 per cent across the board. That was his statement. Yet every economist has made it very clear that there will be a one-time increase in inflation of about 1.3 per cent, not 7 per cent. He and his colleagues are the only ones going around the country spouting this nonsense. It is just not true.

The hon. member was talking about the debt of this country and how it has increased since the Conservatives came to power. They like to talk about this. I want to point out to the hon. member in that period of time, from 1984 to today, \$154 billion was paid out in interest