

*Oral Questions*

most concerned about, and which is what a government in the 1970s did not take seriously enough. That led us to the problems of the very serious recession in 1981-82. Surely, the hon. member remembers those problems.

• (1420)

**Hon. Herb Gray (Leader of the Opposition):** Mr. Speaker, Canadians would like an answer to the conclusions and concerns of the Canadian Manufacturer's Association, as expressed in a report which came out only yesterday afternoon. With respect to the point the minister is trying to make, the association states:

The objective of monetary policy is to permit economic growth with reasonable price stability. We believe the balance has shifted excessively to price stability at the cost of undermining economic growth and competitiveness.

Is the minister now going to listen to the Canadian Manufacturer's Association on this, or is he going to persist in policies which drive manufacturing and jobs out of the country? If so, how can he follow a policy which is so damaging to the Canadian economy?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, I listen to this new-found concern of the Liberal Party for the manufacturing sector of the country.

**Mr. Peterson:** Nonsense. We've been there all along.

**Mr. Wilson (Etobicoke Centre):** The member for Willowdale suddenly wakes up.

**Some hon. members:** Oh, oh!

**Mr. Speaker:** Order. The minister is responding, apparently, to a new-found concern. I am sure all hon. members would like him to continue his answer.

**Mr. Wilson (Etobicoke Centre):** Mr. Speaker, thank you for drawing me back to the question.

The question is: What are we doing for the manufacturing community in the country? We are removing the manufacturer's sales tax which will lower the cost of doing business for the manufacturers in the country.

**Some hon. members:** Hear, hear!

**Mr. Wilson (Etobicoke Centre):** It will make them more competitive in international markets and will make it better for them to be able to sell their products on international markets. What do we hear from the Liberal

Party of Canada? It says, "Scrap the GST, go back to the manufacturer's sales tax."

You cannot have it both ways. You cannot, on the one hand, talk about saving the manufacturing sector from the high interest rates and, on the other hand, increase the cost of doing business for the manufacturing community by leaving the manufacturer's sales tax in place.

Canadians understand when a political party is talking out of both sides of its mouth and that is what the Liberal Party of Canada is doing.

**Some hon. members:** Hear, hear!

**Some hon. members:** Oh, oh!

[*Translation*]

**Hon. Herb Gray (Leader of the Opposition):** Mr. Speaker, Canadians' understanding of this government is reflected in the polls.

**An hon. member:** Right on.

**An hon. member:** Exactly.

**Mr. Gray (Windsor West):** Obviously, the government will not go up in the polls with that kind of remark.

Mr. Speaker, the Canadian Manufacturers Association also said, and I quote: Manufacturers are being beaten with the blunt instrument of monetary policy for inflationary problems for which they are not responsible. Why is the minister refusing to listen to Canadian manufacturers who create so many jobs? And when will the minister stop harassing them and stop driving companies and jobs out of the country?

[*English*]

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, as I said on Tuesday of this week, I take no comfort at all in what is happening to some of the companies that are finding it tough to do business today. But I know what the alternative is. The alternative is an increase in inflationary pressures which will lead to higher interest rates on a more permanent basis and that will be far, far more damaging to the manufacturing sector of the country than the policies that we are following today.

If we want to see proof of that, we need only go back ten years to find out what happened when the Liberal government—the government that my hon. friend supported—ignored the problems of inflation. It led to a blow-off in the inflation rate of 13 per cent in 1981. That