

1970s and saw our exports drop by over 50 per cent from one year to the next. We have not done that.

We stood by our farmers in the past in the international market where we have kept them selling. We have stood by them in international discussions as far as GATT is concerned and we are going to make some progress. We have stood by farmers in the past, we are doing it today, and we are going to do it in the future.

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GOODS AND SERVICES TAX

Mrs. Diane Marleau (Sudbury): Mr. Speaker, my question is directed to the Minister of Finance. Yesterday, Mr. David Dodge, the senior Assistant Deputy Minister of Finance said: "Nobody believes that the goods and services tax will add only 1.25 per cent to inflation". The Assistant Deputy Minister also said: "The GST is going to contribute to a much tougher labour relations climate".

Why is the minister persisting with a tax that even his own officials admit will lead to a tougher labour relations climate?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that my hon. friend should read the whole of the quote rather than just the part she is referring to. The point Mr. Dodge was making to a Canadian Press organization and the people in attendance was that he thought it would be helpful if they would encourage a greater understanding of the 1.25 per cent cost of living increase.

Mr. Dodge went on to point out that there were people on one side who were feeling that the price increase would be greater than 1.25 per cent. He also made the point that there were people in the business community who felt they would not be able to hold their prices, and that was going to contribute to the more difficult labour negotiation environment this year. I think that is a balanced approach he is taking which he hopes will be presented through the media to the general public as well.

Mrs. Diane Marleau (Sudbury): Mr. Speaker, is the minister saying we should not worry about the GST's impact on inflation? I think the experts disagree. Mau-

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reen Farrow, chief economist with Coopers & Lybrand said yesterday: "I don't trust the business sector not to mark up or round up prices. That has been the temptation in every other jurisdiction that has gone to a value-added tax".

So I ask the minister why he will not admit today that benefits will not necessarily be passed on to consumers. Why will he not admit that it will increase the cost of living for all Canadians and dramatically fuel inflation?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the statements by the hon. member are just the things that Mr. Dodge was referring to when he was talking about the misinformation that is conveyed by people who should be taking a more responsible point of view, such as the hon. member.

I have never said we should not worry about this. I said we should be concerned about the inflationary impact and that is why it is important for people to understand that it is very important for businesses to pass on those savings. Just yesterday Richard Sharpe, the chairman of Sears Canada, made the statement that he was pledging on behalf of his organization—one of the largest retailing organizations in the country—to pass on to consumers any tax savings related to the GST. We heard that same thing from other large organizations like General Motors, Ford, and Dupont. I think if other members of the business community get behind the same sentiment and tell their customers that they are going to pass on these savings, then there will be no grounds for the statement that has just been made by my hon. friend.

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AGRICULTURE

Mr. Rod Laporte (Moose Jaw—Lake Centre): Mr. Speaker, my question is directed to the Minister of Agriculture. Yesterday, farmers received one more piece of bad news with the announcement of the Canadian Wheat Board initial prices. They are down substantially.

This announcement comes on the heels of increases to farm credit interest rates which are, for the first time, above the Bank of Canada prime rate. It comes at a time when the Economic Council of Canada has already announced that farm income will drop this year by as much as 87 per cent. It also comes at a time when the government is sitting on \$500 million which it won't