

*Supply*

11 per cent?" I think it would be very interesting to get an answer to that question.

I believe we have the answer because we have been listening to these people. They will have to choose between the two because they will not be able to have both, in that the GST will cause inflation that will not make it possible to drop the interest rate as much as the minister might like. I think it would be very enlightening to ask the Canadian Manufacturers' Association and to ask the pulp and paper industry and the mining industry if they would rather have a 75-cent to 80-cent dollar with interest rates at 11 per cent or the GST.

**Mr. Wilson (Etobicoke Centre):** Mr. Speaker, there is another one of the cute little tactics of the senior finance critic of the Liberal Party. It is not an either/or. No one has ever put it and no one should ever put it as an either/or question if they knew what they were talking about.

We are doing the GST for fundamental reasons because the existing tax is broken, and he knows full well it is. He also knows full well that the exporters, manufacturers, and others in this country on whom we depend for a significant number of jobs, need the GST.

The level of the Canadian dollar and our monetary policy are quite separate from whether or not we have the GST. The monetary policy must be there to deal with the inflationary problem that we have been struggling with over the past two and a half to three years.

My hon. friend referred to the finance committee report of about a year ago. At that time mortgage credit was growing at a rate of 17 per cent; consumer credit was growing at a rate of 12 to 14 per cent per annum; and business credit, 11 per cent, for an economy that was growing at a rate of 7 per cent or 8 per cent.

• (1610)

If he is suggesting that it would have been an appropriate, intelligent, prudent policy of the Governor of the Bank of Canada to lower interest rates at the time when credit demand was booming and suggesting that that would not lead to significantly higher inflation, I think that he is dead wrong. That is exactly what would have happened, and that is why we felt it was important.

I remind him that in August 1988 we had a unanimous recommendation from the provincial premiers to reduce interest rates. If we had done that, at this point in time we would be looking at an inflation rate probably closer to what they have in Great Britain at 10.9 per cent than the level of inflation today.

He says that the tax we promised was visible. I do not know how much more visible this tax could be. I wish it were invisible.

Harmonized, I have always said that it was my first preference to have a harmonized tax. We have the province of Quebec harmonizing with us. We have the province of Saskatchewan in discussions. We have other provinces talking about harmonizing.

Is it fair that the GST credit will reduce the amount of taxes paid by families earning less than \$30,000? I believe that means a fair tax.

Revenue neutral, we can debate that one until the cows come home. I have stated very clearly what the position of the Government of Canada is and I stand by that.

**Ms. Sheila Copps (Hamilton East):** Mr. Speaker, my question for the minister is in reference to his claim that only the Liberal opposition seems to be opposed to this insidious measure.

He will no doubt be aware that one of his colleagues stated recently in the newspaper that he had considered crossing the floor on the issue of the GST. I would like to just read a quote into the record: "Our office has never received as many calls and letters nor have I had as many comments burning my ears off about a whole series of issues. While constituents are unhappy about everything from free trade to the Oka crisis, Meech Lake, Prime Minister Brian Mulroney's leadership and recent controversial Senate appointments, the GST remains atop the list".

**An hon. member:** Oh, oh.

**Ms. Copps:** The member for St. John's East yells out "propaganda". If that is propaganda, he should be aware that these were statements made recently in the newspaper by the hon. member for Hamilton—Wentworth who, the last time I looked, was still a member of the Conservative Party.

I would like to ask the minister what response he has to his colleague who obviously is feeling the heat from