

*Oral Questions***CLOTHING INDUSTRY**

**Mr. John Harvard (Winnipeg—St. James):** Mr. Speaker, I have a question for the Deputy Prime Minister and a fellow westerner.

The clothing industry employs 90,000 Canadians. Over 7,000 are employed in my home province of Manitoba. In the four western provinces alone the value of goods produced by this industry is set at over a half billion dollars.

This industry is in jeopardy because of the trade deal and now the government wants to kill the industry with the GST. The clothing industry is exempted from the manufacturers' sales tax, so the GST is a totally new layer of taxation for the industry.

Will the minister tell the workers in this industry how they are to survive both the free trade deal and the GST?

**Hon. John McDermid (Minister of State (Privatization and Regulatory Affairs)):** Mr. Speaker, first, my hon. friend from Winnipeg is factually incorrect. The clothing industry is subject to the manufacturers' sales tax in many areas such as communications equipment and so on.

We could go through a whole list of taxes which that particular industry pays that it will not pay after the GST comes in. That will benefit the industry.

As far as the free trade agreement is concerned, we are working very closely with our Canadian manufacturers when it comes to the types of materials they can use and the tariffs that they are paying on them. I have great faith in our clothing industry and our fashion industry.

They are making great inroads into the United States. As a matter of fact the other day the vice-president of Cambridge Clothing was telling me that he is making great inroads into New York and selling Canadian fashions made in Canada there. I think they have a bright future.

**Mr. Harvard:** Maybe the minister would like to tell those facts to Canadians at axe the tax rallies in the country.

**AGRICULTURE**

**Mr. John Harvard (Winnipeg—St. James):** Mr. Speaker, perhaps I will direct a question to the Deputy Prime Minister this time. It is about the GST but it has to do with agriculture.

This year, 1990, could be a year of disaster for farmers. This government has slashed farm support programs at the worst possible time. When many markets around the world are soft and prices are low, the government comes along with the GST, the worst blow of all. This could be the *coup de grâce*.

How can the government proceed with this vicious tax at a time when the Canadian economy is slipping into recession and the Canadian farmer is in such tough shape?

**Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture):** Mr. Speaker, perhaps the hon. member might do himself and everyone else a bit of a favour and bring himself up to date with the facts with respect to the GST as it applies to agriculture. As he knows or should know, agriculture is exempt.

**Mr. Harvard:** Farmers are consumers.

**Mr. Mazankowski:** As a matter of fact, it will have a positive effect upon the cost of farm inputs. Farm input costs will come down with the application of the 7 per cent GST because—

**Mr. Harvard:** What about consumer prices?

**Mr. Mazankowski:** Mr. Speaker, if he would just shut his mouth for a few minutes, I will give him an answer.

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

**Mr. Mazankowski:** Mr. Speaker, I did not mean that in an offensive way, as the hon. member knows.

**Mr. Speaker:** The hon. minister, and I would hope that the remainder of his answer does not strain credibility.

**Mr. Mazankowski:** I did not want to miss the opportunity to enlighten the hon. member about some facts. At the present time, if a farmer buys a half-ton truck, he pays a 13.5 per cent manufacturers' sales tax on it. If he buys a three-ton truck, there is a 13.5 per cent sales tax on it.