

that this tax is going to stay at 7 per cent any longer than it stayed at 9 per cent where he swore it was going stay?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this is really an astounding statement. We are seeing more and more of the policy of the Liberal opposition coming out.

First they want to take away the goods and services tax credit from low income people. Now the hon. member is criticizing me for bringing the rate down from 9 per cent to 7 per cent. Can we have more of this Liberal fiscal policy proposal? I would love to hear it.

Some hon. members: More, more.

[*Translation*]

Mr. Young: Mr. Speaker, for months we have heard the Prime Minister and the Minister of Finance tell us that the GST rate would be 9 per cent, that there would be no change or alteration. Now my question is very simple, Mr. Speaker: Why should Canadians take the Prime Minister's word? I ask the Prime Minister that. The Minister of Finance refused today to guarantee that the rate would stay at 7 per cent as long as his government was in power. The question is simple: Is the Prime Minister prepared to promise that the GST rate will stay at 7 per cent as long as he is in power in Canada?

[*English*]

Mr. Wilson (Etobicoke Centre): Mr. Speaker, we are being criticised now for listening to Canadians. Would the hon. member tell me what the purpose of consultations are?

I have said right from the start that if we are going to see a lower rate than 9 per cent there would have to be some trade-offs, difficult trade-offs. I have asked Canadians for their views on what those trade-offs should be. I have actually gone to meetings and probed people, pushed them, saying: "Tell me where you think the trade-offs should come". It is based on that consultation that we have come up with this particular proposal.

Now the hon. member is saying: "Will you give me a guarantee?" I cannot give the hon. member a guarantee because there might be a day that a Liberal party might be in government and then there would be absolutely no control on that rate because, with their free-spending

habits that we have seen year after year after year in the past, tax rates are bound to go up.

The best assurance that Canadians can have that this rate will stay down is a government that controls spending. We have controlled spending. We have kept spending at a rate of 3.6 per cent on average for the last five years and we are committed to doing that in the future.

In response to the babbling of the Leader of the Opposition, when he was in his last year as Minister of Finance, government spending rose 29 per cent.

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, my question is for the Prime Minister. This morning the Minister of Finance continued his strategy of tax trickery. We are supposed to believe that 7 per cent is better than 9 per cent, although we were assured not long ago that 9 per cent could not be changed no matter what.

After a catalogue of phrases and excuses about the GST, the end result is the same. Nothing has changed; not from two weeks ago, not from two years ago. This government is still going to tax food. This government is still going to tax children's clothing. It is still going to tax the services of all Canadians. Middle and lower income Canadians who get hit the hardest by this are still going to be hurt the most.

• (1430)

Nothing has changed despite the good phrases. Canadians will not be fooled. The principle remains the same. This is a regressive tax, a tax that takes the most from those who have the least.

The Prime Minister and Minister of Finance have said that they are going to listen to Canadians. Canadians want the tax dropped, not the rate. When is this Prime Minister really going to listen to Canadians, throw out the tax, throw out this Minister of Finance and get a new minister who is willing to bring in real tax reforms?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, there were a lot of things the hon. member has said which were quite wrong. I just want to identify one which I think is very important that she not mislead Canadians on, and that is the fact that this tax is a regressive tax. This is not a regressive tax.

When we came into office, low income Canadians were paying two or three percentage points more of their income in sales tax. Then we brought in the refundable sales tax credit to offset the impact of sales tax. We have increased that three times, ending with the goods and services tax credit proposal. The combination of the