

*Oral Questions*

we reduce the burden particularly on small and medium size business in order to make the economy grow.

If the Reform Party wants to increase the regulatory burden on business then let it say so.

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[Translation]

**GOODS AND SERVICES TAX**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, my question is for the Prime Minister. In the last election campaign, the Prime Minister vowed to abolish the GST before January 1996. He said that they hated this tax and that they would scrap it. Last week, we learned that the government would not review the GST before January 1, 1996.

● (1430)

Are we to understand from this further deferral of GST reform that the Prime Minister has reneged on his election promise to scrap the GST and now intends to maintain the mess and the inequities generated by the GST?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the answer is no.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, can the Prime Minister undertake before this House not to take advantage of the probable election of a Liberal government in Ontario to review the GST without Quebec's consent?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I am happy to see that the hon. member predicts a Liberal victory and I thank him for it. As for our commitments with regard to the GST, we are looking for a way to replace this tax. We wrote in our red book that we wanted to replace it.

The red book lists the conditions to be met and mentions in particular that the solution must be co-ordinated with the provincial governments, including the government of Quebec.

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[English]

**THE ECONOMY**

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, the government keeps telling Canadians that everything is okay yet in light of Moody's downgrade it should be obvious it is not.

If the government's fiscal plan is so good, then can the Prime Minister tell us why since the government's first budget interest rates have risen by more than 400 bases points? Why have five-year mortgage rates risen more than 2 per cent costing homeowners an extra \$300 per month on a \$100,000 mortgage? Also, why has the dollar lost over 20 per cent of its value versus the yen and the mark?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the fundamentals of our economic policies have been recognized as being very good.

Again this morning the IMF predicted the best level of growth for Canada this year. Inflation in Canada is among the lowest in the world. Of course there is some increase in interest rates due to circumstances that are not necessarily under our control.

We are working to reduce interest rates. We have seen the Canadian dollar grow in value a bit lately and interest rates are going down. The economic policies of the government will produce the result we want and will create the jobs that are needed for our economy.

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, some of those are short term goals that certainly do not fit a long term fiscal plan which must deal with the problems of Canada.

The Prime Minister should recognize that since the government came into power, higher interest rates have hammered the housing industry. Resales for March were down 42 per cent from a year ago. At the same time a rising inflation rate of some 2 per cent for the month of March is forcing the Bank of Canada to continue to keep interest rates relatively high.

Does the Prime Minister not realize that his government's weak fiscal policy is forcing the Bank of Canada into the impossible position of trying to support the dollar, contain inflation and bring down interest rates all at the same time?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, over the weekend the governor of the bank said that the policies of the government are on the right track and that the budget is the right one.

I am happy to see that the Leader of the Opposition has changed his mind again and wants to have a referendum very early. When we have settled the problem of the referendum everything will be better for the economy of Canada.

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[Translation]

**CANADA'S CREDIT RATING**

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, after putting Canada's credit rating under review 11 days before the budget, the rating agency Moody's decided, on April 12, to cut the Canadian government's credit rating. Moody's decision is based on a hard look at the inadequate spending and deficit cutting measures, in the middle-term, which are contained in the budget.

My question is for the Prime Minister. Does he agree that the cut announced by Moody's confirms the official opposition's contention that the government made bad decisions, did not cut