

*Oral Questions***ORAL QUESTION PERIOD***[English]***THE ECONOMY**

Hon. Herb Gray (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance. Yesterday evening the minister became the last person in the country to be willing to use the *r* word, recession.

Now that the minister has admitted that we are in a recession, will he tell Canadians just how long he expects it to last? Will he now begin reversing the high interest rate, high dollar policies that experts say have largely contributed to this recession and bring in a new economic plan to make this recession shorter than it would otherwise be, instead of prolonging the agony caused by the government and its policies for the country?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me just note some of the other observers of the economic scene. We heard the Royal Bank yesterday when it stated that it was going to be a shallow recession. It said that it was something that was based on factors that are happening in other countries.

The hon. member knows that we have been sensitive to the weakening in the economy. We have taken steps going back three or four months to start the reduction of interest rates. I think that demonstrates the commitment of the government.

Before I resume my seat, let me remark that it is a rarity that the ridiculous rhetoric from the rubes across the room ever resulted in anything rational, relevant, or right.

Some hon. members: Hear, hear.

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GOODS AND SERVICES TAX

Hon. Herb Gray (Leader of the Opposition): The Minister of Finance really is wrong once again. Also, what he just said is ridiculous.

Some hon. members: Hear, hear.

Mr. Gray (Windsor West): The Conference Board says that the minister's policies have created the first

made-in-Canada recession. Yesterday, in Vancouver, even the Prime Minister admitted that he was deeply troubled by aspects of this minister's goods and services tax. He stubbornly and perversely insisted that he would do nothing about them until the tax became law, even though experts are saying that the GST will make this current recession even worse.

Why is the Minister of Finance persisting with the GST when even his Prime Minister says it has serious flaws and when experts say it will make the recession even worse? Why does he not withdraw the tax and go back to the drawing-board before the GST makes the recession even more severe than it would otherwise be?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I might draw my friend's attention to a headline today which states: "Recession not Ottawa's fault". The article goes on:

"It is very difficult to describe (it)—

—the recession—

—as a uniquely Canadian situation—It's a North American situation.

That is Ed Neufeld of the Royal Bank of Canada.

If there is a slow-down in the United States, there is a slow-down here. There has been a major slow-down in the United States.

My friend can quote the Conference Board. There are other people who have different opinions. The point that we have to recognize is the point that I have been talking about in the House and elsewhere for some nine months now. This is going to be a difficult year in the economy as we come through a year of transition, from when we had severe inflationary pressures, to one where we are getting inflation under control, to one where we can see a good recovery from the situation that we are in now.

• (1420)

My colleague says: "Let's scrap the GST." Mr. Speaker, if he would listen to some of the very people that he persists in quoting, including the Conference Board of Canada, they are supportive of the goods and services tax because it will be helpful for the economy and it will be helpful for the manufacturing sector. It will provide a 4 per cent boost to new investment in plant equipment and new technology. It will help low-income people because