

# Rumor mill says Michael Wilson is thinking about quitting

## Business Page

Rumor has it that Finance Minister Michael Wilson is so annoyed about having to cut his goods and services tax to seven per cent that he is thinking about quitting and going back to Bay Street.

I don't know whether this is idle speculation or informed opinion. But it does surprise me.



**Diane Maley**

Your Business  
Thomson News Service

You see, I thought Mr. Wilson had planned to cut the GST rate all along, as I said in a previous column. Seven per cent seemed like a good number. I thought this was an unusually clever marketing strategy for the government, which tends to be clumsy about these things.

By giving in and lowering the rate, Mr. Wilson would be seen to be responsive to taxpayers' concerns. Firm opposition to a nine-per-cent tax rate would give way to relief over a seven-per-cent one, which would be accepted without much further grumbling.

If, indeed, this was the government's plan all along, it is unfolding nicely. So I can see no reason why the finance minister should be upset.

### BIG LOSS

The prospect of the Mulroney government without Mr. Wilson is a disturbing one. Signs abound that the North American economy is in trouble. Faced with the prospect of economic famine, our granaries are worse than empty. Thanks to the invention of debt financing, the federal purse is stuffed with IOUs - to the tune of \$300 billion.

This week, Mr. Wilson admitted that he would not be able to meet his goal of holding the deficit to \$28 billion next year - because of high interest rates. The higher the rates, the more we have to pay in interest on the \$300 billion in debt. It's a vicious circle, with more than a third of federal revenue going just to pay interest.

Meanwhile, south of the border, the real estate market is in shambles, threatening the financial health of many big lenders, including some Canadian banks. Bank stocks have been tumbling in New York and Toronto and genuine fear is setting in.

"Real estate down here in the States has just gone right off a cliff," Charles Allmong, president of a closed-end investment fund in Maryland, told The Globe and Mail. As noted previously, real estate loans could become the

Third World debt of the 1990s, spelling another round of write-offs for the banks. That would mean tighter credit for everyone.

### LAYOFFS ABOUND

The auto industry is in the depths of its worst slump in years, with the effects of widespread, if temporary, layoffs about to spill over into the larger economy. Not all the news is bad, but it is getting worse day by day: layoffs, falling real income and high interest rates.

Chances are we will limp through 1990 without a recession, but the outlook for 1991 is less certain. Fearing the worst, people will cut back on their spending and add to their savings in the coming year, making a further slowdown in 1991 likely.

This is no time to be without a strong hand in the Finance Department. If financial chaos is inevitable, better that it be handled by Mr. Wilson. But even he will not be able to work miracles.

A long and deep recession, while not inevitable, would cause the annual budget deficit to explode as tax revenue falls and welfare and unemployment payments rise. Sooner or later, we are going to have to take a long, hard look at our universal social programs or accept the fact that our taxes will have to be much higher than they are now - or both.

## Dangerous turn causes car crash

A 23-year-old Terra Cotta man faces three Halton Regional Police charges, including driving without a licence and insurance, following an accident Dec. 20, that demolished a 1984 Volkswagen Rabbit.

Police say a northbound 1978 Ford, driven by the Terra Cotta man on Winston Churchill Boulevard near Guelph Street, turned left in front of a south-

bound 1984 Rabbit driven by a Georgetown woman, 20. The Ford was severely damaged in the collision.

The Rabbit's driver was slightly injured but not hospitalized. Police charged the Terra Cotta man with not having a driver's licence, not having car insurance, and with making a dangerous left turn.



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