

Oral Questions

per cent tax on practically every single item and service they use?

Mr. Speaker, my question for the Minister of Finance is this: Since all his colleagues have now had a chance to hear what their constituents had to say during the holidays, is he now prepared to withdraw his proposed GST?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have heard the hon. member suggest that we withdraw this proposal a number of times in the past. If he is so drawn to this as an option, could he tell us what he would put in its place as an alternative to the GST proposal, because I have not heard a thing yet from the Liberal party as to what it would put in its place.

Mr. Douglas Young (Gloucester): Mr. Speaker, the Minister of Finance has now set a precedent where he has indicated that he is prepared to change his mind from time to time. We had the premiers of the ten provinces ask for a reduction in interest rates and the Canadian Federation of Independent Business asking for a reduction in interest rates and a lowering of the Canadian dollar. They are now joined by the Canadian Manufacturers' Association. Through all of this, the Minister of Finance and the Governor of the Bank of Canada said no.

Now we see a bit of movement. Has the government finally given up on its policy of maintaining high interest rates and a highly valued Canadian dollar? Has it finally seen the light over the Christmas vacation?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, it is quite clear from the response of the associate critic for finance for the Liberal party that he does not have an option to the GST because the silence that I took from his question demonstrated clearly the Liberals do not have an idea in the world about sales tax reform.

The hon. member has referred to unanimous points of view. Let me remind him of the unanimous point of view taken by the provincial premiers in August of 1988: Knock interest rates down by 2 per cent. Since then, we know interest rates have gone up by 2 per cent. At the same time we have seen increasing inflationary pressures during that period.

So if we had taken the advice of the premiers—the unanimous advice of the premiers at that time—we would be in a jackpot by now. We would have rip-roaring inflation today, different from the signs that we are now getting inflation under control. We have seen some first signs of that. We are not out of the woods yet but the fruits of the policies that we have been following over the past couple of years are starting to appear and with some patience and some appropriate decisions on the part of various people in the private sector, we hope to see some progress in that. But we are not there yet. We still have to bear with this policy to assure ourselves that we are going to get this inflation problem beaten.

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CRUISE MISSILE TESTING

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Secretary of State for External Affairs. As he knows, and as the whole world knows, for the last many months we have been witnessing the grinding down of the cold war in central and eastern Europe and even in the Soviet Union. For example, Poland, Czechoslovakia and Hungary are presently negotiating to get Soviet armed forces entirely out of their countries, and we should welcome this.

Therefore, why is it that he, his department and this government insist upon clinging on to that old relic of the cold war, cruise missile testing here in Canada?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there have been dramatic developments in East-West relations. There have been dramatic changes which are evident and, to some degree, surprising to all of us in their extent in eastern Europe.

There is no doubt that there were several causes of that. One of them, of course, was the reform initiative undertaken by Mr. Gorbachev. But, there is also no doubt that one of the reasons for those changes was that at times when parties like his were suggesting that the West should take positions that were divided, governments like ours decided that it was in our interest to maintain the solidarity of the western alliance.

That solidarity led, in the first instance, to the reduction of a classification of nuclear weapons. We believe it had contributed substantially to the dramatically new atmosphere that now exists in East-West relations. We have followed the practice in the past of taking major decisions of this kind in consultation with our allies. Often we propose things, as we have done with the