

*Business of the House***LOW LEVEL FLIGHTS**

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Minister of National Defence. The Department of National Defence is currently actively soliciting the NATO Alliance to locate a low level flight training centre at Goose Bay, Labrador.

At a time when a major effort is being made in Europe to reduce east-west tensions and when both alliances are undertaking confidence-building measures, as indeed are the two superpowers, does the minister actually believe that this is the time for Canada to be pushing for an expansion of NATO's military activities?

Hon. Bill McKnight (Minister of National Defence): Mr. Speaker, the member and the government disagree on even the membership in that alliance, so therefore I do not find it at all strange that the spokesman for defence in the New Democratic Party would say that we should not take part in training NATO pilots so that they are better able to defend not only their countries, but Canada.

We all welcome the actions and the discussions that are taking place in Europe. I say to the hon. member that there are more flights undertaken by Canadians in Germany than there are by other nations in Canada. It is an opportunity for Canada to add assistance to the alliance in which we both seek security. If we do as the hon. member suggests and not train pilots at low level, we will be putting those pilots, Canadians and others, at risk. The training is necessary.

The member is talking about NATO. Canada, as long as this Party happens to be the government, will be a member of NATO and will seek security in NATO.

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PROPOSED GOODS AND SERVICES TAX

Mr. Douglas Young (Gloucester): Mr. Speaker, I would like to address my question to the Minister of Finance. It is really a question on which Canadians need some clarification.

The minister, in his technical documents and in statements made by government members, indicates that the goods and services tax, on the one hand, is revenue-neutral. But the gospel is being spread that the goods

and services tax would also address the deficit problem in this country and reduce the debt.

The minister cannot have it both ways. I think Canadians deserve to know from the minister very directly if the goods and services tax is revenue-neutral, replacing the existing manufacturers' sales tax, or if the goods and services tax is going to reduce the deficit and pay down the debt.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, that requires a two-part answer. The first part is that in the actual process of tax reform we established a principle in the White Paper of June, 1987, whereby we would not try to bring in extra tax revenues through the back door under the over-all umbrella of tax reform. In that sense, the GST does not contribute to an immediate reduction of the deficit.

However, in the last budget, as an example, we raised the sales taxes by about \$2 billion, or close to 1 per cent in rate on the proposed tax. Those additional revenues are there in the 9 per cent proposed rate and those revenues will directly contribute to getting the deficit down.

In addition, as I pointed out on a number of occasions, the existing tax is subject to a good deal of tax avoidance. If we do not make a change in the tax about \$2 billion is at risk. One of the reasons we are proceeding with the sales tax reform is to plug that loophole, a loophole which the Auditor General himself pointed out was there. That is another way we can contribute to deficit reduction by the introduction of the GST.

Mr. Speaker: That concludes Question Period.

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WAYS AND MEANS

TABLING OF NOTICE OF MOTION

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I rise today to give notice of a Ways and Means motion to amend the Income Tax Act, and I ask that an Order of the Day be designated.

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BUSINESS OF THE HOUSE

Mr. Lewis: Mr. Speaker, if I may, I wish to advise the House that the business to be debated tomorrow will be C-43, an act respecting abortion.