

Oral Questions

create jobs and to compete. This is what he should be doing instead of talking, if he really means what he says.

Hon. Roy MacLaren (Etobicoke North): Mr. Speaker, the minister is going to have to talk a long time to convince Canadians that the GST is a job creation program. The government has only two policies: higher interest rates and higher taxes. However, every time this government raises taxes it fuels inflation and every time this government raises interest rates the cost of borrowing goes up, further fuelling inflation.

• (1420)

The government's policies are pricing Canada out of world markets. The Conference Board of Canada stated this week: "Interest rates have increased significantly since the beginning of 1988 which has had a major adverse impact on Canada's trade performance", and the Conference Board concluded: "such a strategy will likely retard the recovery and dampen the degree of the upturn".

When will this government bring in a policy of full employment and a new budget in place of its policy of unemployment and recession?

Hon. Gilles Loiselle (President of the Treasury Board and Minister of State (Finance)): Mr. Speaker, the hon. gentleman will certainly realize that inflationary pressures are the reason we have high interest rates. There is no running away from it, as the Liberal Party did in 1980 and caused a very deep recession.

After seven years of record growth, it is normal the excess capacity is there and has to be taken out of our economy. This is what is happening now. We are trying to prevent runaway inflation.

It is happening. Interest rates are coming down, as the hon. gentleman was able to realize from the Bank of Canada rate today.

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PERSIAN GULF

Hon. Lloyd Axworthy (Winnipeg South Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs.

While the U.S. is announcing a major increase in the number of troops being sent to the gulf and Secretary Baker is now seeking support for a resolution that would

authorize the use of force against Iraq, non-aligned members of the Security Council have put forward a resolution that attempts to broaden the peacekeeping role of the Secretary General, the establishment of an air peacekeeping force, and measures to seek a regional settlement of the dispute.

Can the minister tell us what is the position of the Government of Canada on these different initiatives? Will the government be supporting the peacekeeping proposal which is now being considered by the Security Council?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for his question.

As he knows, the Security Council has found the remarkable success of the last three months because there has been extensive discussion of texts within the council itself. That has been the case with regard to some of the matters relating to the invasion of Kuwait by Iraq. It has been the case with some of the matters relating to other events in the Middle East where there has been an ability for the Security Council to act.

That kind of discussion is now going on, and I frankly do not think it would contribute to the process of consensus in the Security Council were I to stake out a position on elements of those proposals here on the floor of the House.

Hon. Lloyd Axworthy (Winnipeg South Centre): Mr. Speaker, I have a supplementary question.

The minister will probably know that following the recent hearings of the Standing Committees on External Affairs most of the testimony has been of a nature of counselling a course of patience for this country and for all countries involved in the crisis and, in particular, suggesting that we give the sanctions time to work.

Has there yet been at the United Nations or within the Department of External Affairs a clear assessment of the effectiveness of the present economic embargo? Will the Government of Canada as a member of the Security Council be putting forward measures at that council which would broaden and strengthen the application of economic sanctions as a way of giving a clear message to Iraq without continuing to talk about an escalation of military hostilities?