

*Oral Questions*

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• (1130)

Now, the hon. member has asked what our policy is on interest rates. Our policy has been designed to get inflation down. We are seeing some signs that that policy is starting to bear fruit. We are not out of the woods yet. We know that we still have some real problems on inflation, but we are seeing some progress and hopefully we will be able to see a continuation of that progress, and as that happens, yes, we will be able to get interest rates down.

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**GOODS AND SERVICES TAX**

**Ms. Audrey McLaughlin (Yukon):** Mr. Speaker, my question is for the Minister of Finance. The government has already cut transportation subsidies to the Atlantic region. It has cut back unemployment insurance benefits and now wants to introduce a new 7 per cent goods and services tax.

Both producing goods and purchasing them is going to be higher. In fact, recently the tourism association of Nova Scotia has withdrawn its support which it had previously given for the goods and services tax saying: "There is no question the GST will be devastating to the tourism industry."

Given the devastating economic situation facing Atlantic Canada, will the Minister not admit that imposing the goods and services tax will only further accelerate the situation in that region?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, the Leader of the Opposition—I guess she will be the Leader of the Opposition the way this party is going.

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Mr. Wilson (Etobicoke Centre):** I notice the members opposite did not like that suggestion. There is just a little bit of sensitivity on the other side of the House.

There have been a number of quite selective comments made by the Leader of the New Democratic Party on the impacts of government policy. One of the things she talks negatively about is the unemployment insurance system changes as they relate to Atlantic Canada. Those changes are going to be very good for Atlantic

Canada relative to the impacts on parts of the country like southwestern Ontario where there are changes that will bite. This is not the case in Atlantic Canada and the New Democratic Party persists in fostering that misleading statement.

We have put a great deal of effort into regional development which includes the moneys that we have put toward the tourism industry. As the Prime Minister noted the other day, we had a 50 per cent increase in regional spending in our first mandate compared to the previous four or five years, and in this mandate it will be about 35 per cent higher. That includes ACOA, that includes the tourism industry, that includes the tourism industry in Atlantic Canada.

**Ms. Audrey McLaughlin (Yukon):** Mr. Speaker, if the Minister of Finance wants to tell the people of the Atlantic region that unemployment insurance cuts are not going to happen to them, he should go there and tell them personally because I think he will hear what they have to say about it.

The Atlantic region is not the only region that is going to suffer under this new goods and services tax. I want to point out to the minister that he should go to the regions of this country and see what is really happening. For example, a snowsuit for a two-year old child in Yellowknife, Northwest Territories, costs about \$140. If you go to Sparks Street, it costs about \$50. A 7 per cent tax on \$140 is considerably more than a 7 per cent tax on \$50.

With the goods and services tax, I think the minister has to realize that it is going to hurt the regions of this country. Does the minister think this tax is fair to northern Canadians?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, these statements that are quite far from the truth must be addressed head on. The goods and services tax will not hurt the regions of the country.

The goods and services tax will improve the position of the resource industries of Canada. It will help them invest. It will help them keep marginal mines open. It will help them export. These are all very important elements to the health of the northern parts of the country as well as the other regions of the country that are reliant on that type of industry.

The goods and services tax will improve, as I said a minute ago, the opportunities for new mines or new paper mills or new logging operations to go into place because the costs of bringing those in will be less, on