

Oral Questions

reform of the sales tax which the Minister himself has called "inefficient" and "a silent job killer".

The Government has raised sales taxes and broadened the sales tax base four times thus far, with new increases on food coming into effect July 1.

Will the Minister tell the House why the Government continues to depend so heavily on a form of tax which directly attacks low and middle-income Canadians with young children?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member knows that it is through the federal sales tax credit that the Government is ensuring that the average Canadian is not hurt by increases in sales tax. This is never mentioned by the hon. lady. That is a very important part of the whole federal sales tax reform. When we bring in sales tax reform we will extend the credit still further.

MINISTER'S POSITION

Miss Aideen Nicholson (Trinity): Mr. Speaker, the Minister of Finance broke his promise of comprehensive tax reform when he backed away from dealing with the sales tax system. Until the Government makes its intentions clear, it should be qualifying its statements about the merits of the partial package it brought forward.

The sales tax credit, which the Minister referred to, is not indexed. It will lose value as inflation increases, thereby pushing low and middle-income families further down the income ladder. Does the Minister not realize this?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I do not know what the hon. lady wants. Does she want a federal sales tax credit or not? In her first question she took one position and in the second she took another.

Miss Nicholson: Index it.

Mr. de Jong: Tom, tell us about indexing.

Mr. Hockin: It is very clear in the White Paper on tax reform that the broader the base the lower the rate can be, the more exemptions the lower the credit. Those are the questions we wanted to put before the Canadian people. We also wanted to discuss it with the provinces to find out whether we could have a national approach.

The previous Government would probably have unilaterally decided on how to do this without consultation. Our approach is to consult ordinary Canadians as well as the provinces.

[*Translation*]

TRADE

FREE TRADE NEGOTIATIONS—PRIME MINISTER'S POSITION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is directed to the Prime Minister. The Minister of International Trade blamed Ambassador Reisman for wanting to give too much to the Americans in the free trade negotiations. Who enjoys the Prime Minister's confidence, the Minister of Trade or Mr. Reisman?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I find it amazing that a Member of the Socialist Party would raise those concerns regarding alleged attacks against Ambassador Reisman. You have done nothing but attack him non stop for a year now, without any explanation, and now the socialists are defending Ambassador Reisman. When I call him to tell him that, he certainly will be relieved.

As far as the Minister's comments are concerned, she expressed a view on an aspect of a matter that is very complex. The Ambassador, the head negotiator, retains all the Government's and my confidence, as does the Minister.

[*English*]

REQUEST THAT MINISTER AND AMBASSADOR BE DISMISSED

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, the Minister's criticism is quite severe. She said that she has had to keep the Ambassador reined in "so he doesn't give away the bath water before we've even had a chance to sip it".

How is it possible for the country to trust who speaks for the Government on U.S. trade issues when there is this kind of public disagreement and criticism? Is it not time for both the Minister and Mr. Reisman to be fired?

Mr. Riis: Joe, have you been drinking the bath water again?

Mr. Blackburn (Brant): Let them drink champagne.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have now heard from the populist Party, the New Democrats. They want the Government to drink champagne.

Mr. Riis: It's better than bath water. That's the problem.

Mr. Axworthy: Actually hemlock is what was suggested.

Mr. Clark (Yellowhead): I want to make the point on behalf of the Niagara Peninsula that it is Canadian bath water.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): Mr. Speaker, the serious point about this exchange is that it has become clear since the beginning of the negotiations and the discussions on the negotiations that the New Democratic Party was prepared to resort to any tactic and any argument it could to try to subvert the possibility of Canada improving our trade situation in the