

*Oral Questions***THE CANADIAN ECONOMY****INFLATION—GOVERNMENT TARGET FOR RATE THIS YEAR AND NEXT**

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In view of the McCracken report which was prepared for OECD nations making it clear that unemployment and inflation are tightly linked together, would the Minister of Finance indicate what he believes would be the rate of inflation in Canada this year—originally the target was 6 per cent—and could he indicate what the target will be for next year—originally it was to be 4 per cent?

Hon. Donald S. Macdonald (Minister of Finance): As I have indicated to the House several times, we anticipate—principally because of the food price increases in the first quarter—that we would not be able to be within the guideline hoped for under the Anti-Inflation Act. As to what the target would be for next year, as I have often said to the hon. gentleman, it seems to me that given the effect of outside events, it is unwise to try to set precise targets.

SUGGESTED BILATERAL ARRANGEMENTS WITH FOREIGN EXPORTERS TO HELP MAINTAIN EMPLOYMENT IN MANUFACTURING

Mr. Sinclair Stevens (York-Simcoe): My question is again to the Minister of Finance. Since employment in our manufacturing industries now stands at one per cent lower than last year, can the minister tell the House whether he views the manufacturing industry to be an important source of new jobs and, if so, having regard to the weakened state of some sectors, such as textiles, footwear and electrical products, will he consider at least having bilateral arrangements with foreign exporters which might help to preserve employment in the manufacturing industry?

Hon. Donald S. Macdonald (Minister of Finance): In a number of cases in the past we have sought such export limitation arrangements. I would have to say in general terms, however, that those kinds of arrangements have been increasingly difficult to achieve in recent years. I quite agree with the hon. gentleman that expansion in manufacturing employment is fundamental to continued progress in Canada. We recognize the difficulties that are involved, particularly in the multilateral trade negotiations, of having to make exchanges in certain tariff protection which we have at present. It is for that reason that we are seeking a substantial reduction in foreign tariffs, particularly those of the European Economic Community.

POSSIBILITY OF NEW BUDGET TO IMPROVE CONDITIONS

Mr. Sinclair Stevens (York-Simcoe): Again I direct my question to the Minister of Finance. In view of the fact that we have the highest unemployment level of any of the large OECD nations, we have high and continuing inflation, the highest budgetary deficit in our history, a low real growth,

[Mr. Clark.]

only 4 per cent compared with the anticipated 5.5 per cent for OECD nations, and the highest imparted deficit of any OECD nation, would the minister indicate if he is considering a new budget as early as possible to help redeem his record?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, in view of the fact that the hon. gentleman voted against the last budget which would create further employment—

Mr. Stevens: It is not working.

Mr. Macdonald (Rosedale):—and economic growth in Canada while at the same time containing inflation, it is difficult to see how the recommendations of the hon. member for York-Simcoe could be taken seriously by anyone.

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CANADIAN NATIONAL RAILWAYS**INCREASE IN COMMUTER FARES IN MONTREAL AREA—GOVERNMENT ACTION**

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, my question is for the Parliamentary Secretary to Minister of Transport. Canadian National Railways have recently put into effect another fare increase for commuter train service in the Montreal area and the Canadian Transport Commission did not intervene. I would like to ask whether the Minister of Transport considered any action and, if so, why was none taken?

[Translation]

Mr. Marcel Roy (Parliamentary Secretary to Minister of Transport): Mr. Speaker, last October the minister contacted the CN authorities who have already accepted his suggestion to postpone the rate increase and the service reduction. This intervention was conditional on an agreement with transport minister Raymond Mailloux and the various public organizations, so that the Montreal area transportation committee, which has been set up by the provincial government, might table its report in July 1977. Hopefully the province of Quebec will act in the areas of transportation where it has full competence, and advise this committee of its intentions and its schedule for the whole program. I must tell the hon. member that it is the Canadian Transport Commission which authorizes all rate increases it deems necessary and, in this case, the commission had granted this increase.

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[English]

ADMINISTRATION OF JUSTICE**SUGGESTED INQUIRY INTO ORGANIZED CRIME—GOVERNMENT POSITION**

Mr. Elmer M. MacKay (Central Nova): My question is for the Minister of Justice. Now that the government has called an inquiry into certain aspects of the RCMP without, of course, a specific reference to the commissioners to assess the