

Oral Questions

TRANSPORT

ICEBREAKING SHIPS IN THUNDER BAY

Hon. Robert K. Andras (Thunder Bay-Nipigon): Mr. Speaker, my question is for the Minister of Transport: I have given him notice. It has been the practice, for the purpose of expediting grain handling—a matter of concern to us all—to station an icebreaking ship in Thunder Bay in advance of the freeze-up. I ask the minister, now, if this practice is to be continued. The *Alexander Henry* is the icebreaker which has been used in the past and although it is better than nothing, we really need a larger vessel like the *Sir John A. Macdonald*.

Hon. Don Mazankowski (Minister of Transport): Mr. Speaker, I want to thank the hon. member for giving me notice of this question. It will be the intention of the department to dispatch the *Alexander Henry* to Thunder Bay for this season.

I might add that the vessel is currently undergoing repair in Quebec and that it should be ready to sail by the middle of November, or the end of November—somewhere around that period. I might also say that it will be equipped with an air-cushion icebreaking bow which will improve the effectiveness of its operation.

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THE CANADIAN ECONOMY

INCREASE IN INTEREST RATE—CONNECTION WITH FUTURE
INCREASES IN OIL PRICES

Hon. Jean Chrétien (Saint-Maurice): Mr. Speaker, I have a question to put to the Minister of Finance. Because the spread between the U.S. and the Canadian inflation rate is 4 per cent, and in view of the fact the governor of the bank said this morning he had to move because of the anticipated rate of inflation which he related very much to the increase in the price of energy, did the Minister of Finance tell the governor of the bank before the increase in the interest rate what the increase in oil prices in Canada would be next year?

Hon. John C. Crosbie (Minister of Finance): Mr. Speaker, the governor of the Bank of Canada knows as much about any projected increase in energy prices as does the hon. gentleman opposite. The point being made by the governor of the Bank of Canada was that the difference between the inflation rate in Canada and that in the United States—the American rate is now some 4 per cent ahead of us—is due to the fact that they have been experiencing higher inflation costs for the last 12 months as their gasoline and oil prices have gone toward the international level.

● (1440)

This is something we have yet to come to, but we must come to it so that we can get it behind us and get the economy working and expanding for the future. That is why energy prices were mentioned at all. On a comparison of our inflation with the American rate, when we take out energy factors our rate is just about as bad as theirs.

[Mr. Clark.]

Mr. Chrétien: How can the governor of the Bank of Canada anticipate the rate of inflation if he does not know what the increase in oil prices next year will be? He spoke at length this morning about this factor and its moving him to suggest to the Minister of Finance that the anticipated rate of inflation will be much higher next year than it is today.

Mr. Crosbie: Mr. Speaker, the governor, in his statement today, gave several reasons why he believes the inflation rate is going to be higher next year. The money supply has been expanding quite rapidly, despite higher interest rates. Food prices are increasing, and there will likely be an increase in energy prices, which all hon. members know is coming. We do not yet know how high they will go, but an increase in energy prices is coming.

We are importing inflation from the United States; 70 per cent of our imports are from the United States. Wages and salaries are starting to increase. For all these reasons, the governor sees a strong push toward further inflation in Canada. We are determined that we are going to stop inflation in its tracks in the next year or two and get our economy back on its feet again.

Mr. Trudeau: Wrestle it to the ground?

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TRANSPORT

NORTHERN B.C.—ALTERNATE MODES OF TRANSPORTATION
WHILE RAILWAY BRIDGE UNDER REPAIR

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I have a question for the Minister of Transport. It is with regard to a very serious accident and tragedy, namely, the accident in connection with the destruction of a railway bridge across the Peace River, in northern British Columbia, the result of which is the isolation of the entire northern section of the BCR from the main line.

I would like to ask the minister if he is aware of this problem. I am sure he is. If so, will the Government of Canada be prepared to join with the province of British Columbia in planning a strategy to mobilize other modes of transportation during the time the bridge is repaired? Second, would the government be prepared in the usual manner to join with the province and share the cost of this disaster?

Hon. Don Mazankowski (Minister of Transport): Mr. Speaker, I certainly share the concern of the hon. member about this disaster. I am not aware of any representations which have been made by the provincial government to our government or, indeed, to my department. My understanding is that meetings have been held between the officials of the railway companies, government officials and shippers.

It is my further understanding that a decision has been made to put in place a prefabricated bridge at Pine River which will be installed within a period of a week or ten days.