

Inquiries of the Ministry

flation. Is that what he intends to discuss with the heads of the banks?

Mr. Benson: After I have had my discussions with the heads of the banks I will be pleased to tell my hon. friend what I discussed.

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a supplementary question for the Minister of Finance, Mr. Speaker. When the minister sees the heads of the chartered banks in the near future, will he impress upon them the need to copy the government's flexible system of dealing with inflation? Will he also remind him that tight money works a hardship in the least developed parts of Canada?

Mr. Speaker: Order, please. The hon. member's question is in the nature of a submission.

CONSUMER AFFAIRS**EFFECT OF PRICES AND INCOMES COMMISSION ON PRICE INDEX**

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a related question for the Minister of Finance. In view of the announcement made today by the Dominion Bureau of Statistics indicating that for 18 months in a row the consumer price index has increased, will the minister say whether the government will consider the possibility of a prices and income policy through the economy?

Hon. E. J. Benson (Minister of Finance): I should like to point out that the increase in the cost of living this month was encouraging in that it was only .2 per cent as compared with 1.1 per cent in the previous month. This is not good enough in the long run, and of course I should like to see decreases in the cost of living but, unfortunately, they have not been achieved to this point.

Mr. McGrath: Is it the position of the government that the taxation policy together with the educational work of the Prices and Incomes Commission will reduce inflation to the level considered safe by the Economic Council of Canada, a level which has been exceeded in each of the past three years.

Mr. Speaker: Order, please. I wonder whether the hon. member is not asking the
[Mr. Lewis.]

minister to give a general statement of policy, and whether the question as phrased is in order.

Mr. R. N. Thompson (Red Deer): I have a supplementary question, Mr. Speaker. In view of the fact that the consumer price index increased by 2.1 per cent in the first five months of this year, is the minister considering the fact that on this basis we will be having an increase in the index of more than 4 per cent as a result of his policy?

Mr. Benson: I hope this will not be the case. The policy which the government is carrying out through control of its own expenditures, the surplus, the reduction in tariffs, the deferral of depreciation and the monetary policy will all have an effect upon the control of inflation. I trust the Canadian people and all people will start to realize that we cannot take increased incomes out of the economy without greater productivity, or else prices will rise.

Mrs. Grace MacInnis (Vancouver-Kingsway): I have a question for the Minister of Finance. Pending a downward trend in the cost of living, is it his intention to review measures whereby incomes can be increased through income tax deductions or, in concert with the Minister of National Health and Welfare, through pension increases?

Mr. Benson: Mr. Speaker, this is a very broad question. Of course we continuously review possibilities and actions which the government might take.

Mr. Speaker: Order, please. It seems to me that the question asked by the hon. member for Vancouver-Kingsway is the same type of question as the one asked by the hon. member for St. John's East, and it seems to me that they border on debate. May I remind hon. members that this is the debate we will initiate on Monday.

Mr. McGrath: I have a further supplementary question, Mr. Speaker. In view of the continuing rise in the cost of living index and the failure of the government to cope with it effectively, will the minister not consider resigning?

Mr. Benson: No, Mr. Speaker.

Mr. Speaker: Order, please.