

inces. As a matter of fact, a number of provinces have not supported Quebec's decision to cut off this tax unilaterally, and all the ministers of finance have indicated to me when I talked to them how disappointed they are that Quebec has refused to co-operate in this matter as they did among themselves.

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[English]

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR—CONTRIBUTORY EFFECT ON INFLATION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Now that the Statistics Canada figures with respect to inflation have been made public, indicating that when the provincial sales tax figures are added back in, the inflation level in Canada in the past year has been 9.1 per cent, would the right hon. gentleman tell us whether Governor Bouey of the Bank of Canada was expressing government policy today when he said the falling dollar was contributing to inflationary pressures, and that whatever advantage it would give to Canadian exports would be lost if we did not contain the fall-out effect of the devalued dollar on costs and prices?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not read the speech by the governor of the bank, who agreed to appear before a committee this morning. I will look into that. I think the hon. member should recognize that in the last three weeks the value of the Canadian dollar has increased substantially.

Some hon. Members: Hear, hear!

Mr. Chrétien: Perhaps, Mr. Speaker, you should give permission to the hon. member to be away for another week, because when he is not here with his rumours the dollar moves up.

An hon. Member: Go home.

Mr. Stevens: A supplementary to the Minister of Finance, who ignores the fact it was he who triggered the fall in the dollar initially: it would never have fallen so low but for his inept handling. Since the inflation levels now prevalent will be aggravated by the fall in the dollar, and since the governor of the Bank of Canada indicated today that it was "money incomes that are causing the problem" and that "we are paying ourselves too much money", would the minister tell us whether he agrees with the governor that the efforts of wage earners seeking to keep up with inflation will in turn cause more inflation?

Mr. Chrétien: Mr. Speaker, I have recognized many times that Canadians in the last little while have been very responsible on that score. The level of compensation in this country is now more competitive, the dollar is at a more realistic level

Oral Questions

and the economy is gaining greatly. This was evident last month when we saw the biggest ever surplus in our monthly trade balance.

Mr. Stevens: Speaking about the competitive balance, particularly between Canadians and Americans, it is generally agreed that the excessive tax rate in Canada is one reason Canadians are tending to demand higher wages. Would the minister tell us, since the Bryce report is suggesting the phasing out of corporate income tax, whether the government plans any review of personal income taxes to ascertain whether there is some way in which they can be lowered?

Mr. Chrétien: The Prime Minister said earlier we would study the recommendations in the report tabled yesterday. I do not accept the suggestion that the level of taxes is unfair in Canada. The corporate tax rate, for example, is comparable to the American level. As to personal income tax, as I have said on other occasions in this House, we enjoy social services in Canada which are much better than the Americans offer to their citizens.

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STATISTICS CANADA

REPORTING OF CONSUMER PRICE INDEX

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Can the minister explain why it is that Statistics Canada, notwithstanding the fact that the sample of the consumer price index was made prior to the bringing down of the budget, showed the advantage to the CPI of the reduction of the sales tax even though it became effective after the sample was taken? Perhaps he would assure the House that there has been no interference by himself or by any member of the government with Statistics Canada or the consumer price index.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I can assure the House there has been no interference with the sampling or with the index. I should also like to tell the hon. member that if the sales tax comes off for half a month, that half month is taken into consideration in computing the index for the whole month.

Mr. McGrath: Mr. Speaker, as usual, the minister is uninformed. If that were the case, we would obviously have a far different consumer price index from this one which reports an over-all reduction for the entire month when it should not reflect any reduction at all.

Will the minister give us an assurance that the government will ask Statistics Canada to change the method of calculating the consumer price index so that it will show a more accurate measurement of the cost of living of low income earners, the fastest growing group in the country?