

Oral Questions

Mr. McGrath:—could he explain to the House, and more particularly to the country, the unemployed and the low income earners, why his budget leans so heavily on these people, and what relief can they expect from the rise in the price of food in this country?

● (1417)

Mr. Chrétien: Mr. Speaker, the problem with the food index is one that varies substantially from one season or one month to the next. When you look at the components of inflation, non-food products are not increasing as fast. This month, unfortunately, the food component went up. If you look over a period of years, there is a very great variation in the food component, some of the food being imported and over which we have no control.

Mr. McGrath: If the minister knows what he is talking about, he knows that the rise in food prices is a direct response to the dollar crisis. Given this fact, and the fact that he talks about a free float in this House, does he subscribe to the view expressed by his colleague, the Minister of Industry, Trade and Commerce, on television last night that we should have a 90-cent dollar? In his view, 90 cents is par. Is that the position of the government, or does the minister agree with most of us that his colleague was talking through his ten-gallon hat?

Mr. Chrétien: Mr. Speaker, in my budget I established very clearly the position of the government vis-à-vis the Canadian dollar. We let the market decide the level of the Canadian dollar. The interventions of the governor of the bank are designed to ensure there is an orderly market. The interventions are to make sure the dollar fluctuates in a normal way. However, the Canadian dollar is a floating dollar.

POST-CONTROLS MONITORING AGENCY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is to the Minister of Finance. I hope he will be able to give us an answer in this regard, because it is an extremely important matter. It concerns the post-controls period. I understand the Prime Minister indicated that he wants the Economic Council of Canada to become involved with the monitoring agency. As yet, I do not know whether Mrs. Ostry has accepted that responsibility. Accordingly, I think the people of Canada would like to know whether, in fact, the Economic Council of Canada is going to accept this very important responsibility.

Hon. Jean Chrétien (Minister of Finance): The answer is yes, Mr. Speaker.

Mr. Alexander: In light of the fact that the Economic Council of Canada has accepted it, can the minister indicate what the time-frame is in terms of seeing to it that they are proceeding with their mandate? Is this an immediate thing, or what kind of date can the minister indicate will be in place in due course?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I understand the chairman of the Economic Council of Canada has accepted that role and is establishing the necessary mechanisms to play that role. I also understand she has made an agreement with the Anti-Inflation Board, which will remain in operation for the rest of the year to help her play that role for the first months. There has been a short term agreement between the Anti-Inflation Board and Dr. Ostry for exchange of services.

[*English*]

Mr. Alexander: Am I to understand that any agreement that she or the Economic Council of Canada has with the Anti-Inflation Board will expire at the end of this year? Is that what the minister has just indicated?

Mr. Chrétien: Mr. Speaker, I would ask the hon. member to repeat his question. Unfortunately, I did not understand it.

Mr. Alexander: The minister indicated there is an agreement between the Economic Council of Canada and the Anti-Inflation Board. As I understand it, he has indicated that this is to be for the balance of the year. Is it the position that the agreement with the Anti-Inflation Board will expire at the end of this year?

Mr. Chrétien: Mr. Speaker, I understand the agreement between the Anti-Inflation Board and the Economic Council of Canada is for a matter of two or three months. The Anti-Inflation Board will be phased out starting at the beginning of next year, as is provided in the law.

LOSS IN REAL INCOME DUE TO INFLATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. In complete contrast to his forecasts, unemployment yesterday shot above the one million mark again. Today, the consumer price index increase mounted to almost 9 per cent. Statistics are making a complete liar of this government. I would ask the minister whether his officials have confirmed for him that the current rate of inflation will cost the typical Canadian this year some \$700 loss in real income.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, when we make a prediction of the inflation rate for the year, we always include the figure for the month of March. Of course, March is always a very difficult month in terms of inflation. Last year inflation was as high in March as it was in March of this year. We predicted that it would be high in March. Unfortunately, it is a little higher than we predicted, but we made provision for a substantial increase in March.

● (1422)

Mr. Broadbent: Mr. Speaker, I think the Minister of Finance has revealed his predictions about growth, inflation and unemployed three times in as many months. He has lost all credibility, certainly on this side of the House and certainly