

*Oral Questions*

[Translation]

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, how can the minister explain this situation other than by saying that Canadian Airlines International is being systematically favoured? First, that company benefitted from the sale of those aircraft to the government, then it was awarded the contract for their maintenance, and now it is enjoying a \$45 million a year deal to transport Canadian troops while these Airbuses stay on the ground.

• (1130)

[English]

**Hon. Douglas Young (Minister of Transport, Lib.):** Mr. Speaker, when the hon. member refers to the contract award to Canadian Airlines International by the Department of National Defence, he might want to take into account that at the time the tenders were called for that service to be provided both Air Canada and Canadian Airlines International made submissions.

What I thought interesting as a result of that is both airlines, particularly the airline not awarded the contract, Air Canada, stated publicly the process had been absolutely fair and appropriate.

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**INFLATION**

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, the biggest economic news since the budget is inflation. During the last four months consumer prices rose at an annual rate of about 4.5 per cent, well above the target of 3 per cent set by the Bank of Canada.

In large part this inflation is caused by the depreciation of the dollar and the higher prices of imports and exportables it has brought.

Will the Minister of Finance admit this inflation if unchecked threatens living standards much more than the spending cuts needed to balance the budget and to fix the exchange rate?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, as the hon. member knows, one of the main reasons for the increase in inflation statistically was the actions of the tobacco factor into the new numbers compared with the previous numbers.

Inflation must be monitored. The Governor of the Bank of Canada has stated there are no inflationary pressures in Canada at the present time. However, to anticipate such pressures is clearly the responsibility of the Bank of Canada and the Government of Canada, and we shall exercise that responsibility.

**Mr. Herb Grubel (Capilano—Howe Sound, Ref.):** Mr. Speaker, it is clear there are different ways of measuring inflation. I am talking about the price increases in the last four

months annualized, not year to year inflation where the tobacco increases are important.

The minister and the governor have already stated what the minister just repeated. However, unfortunately the tightening of monetary policy will again push Canada into a recession. It is inappropriate since inflation is caused not by excess demand but the depreciation of the dollar.

Will the Minister of Finance allow the Bank of Canada to precipitate another recession to fight inflation or will he do the right thing and stop the decline of the dollar by a new budget that eliminates the deficit promptly and decisively?

**Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.):** Mr. Speaker, the member opposite knows full well the independence of the Bank of Canada is a very important asset to the country. Our record in terms of low inflation, while very dearly bought, is also a major asset in terms of job creation and it is something we intend to maintain.

The hon. member knows the last budget is also a major asset to the country.

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[Translation]

**KANESATAKE RESERVE**

**Mr. André Caron (Jonquière, BQ):** Mr. Speaker, my question is for the acting Prime Minister.

Yesterday the Prime Minister refused to rule out the possibility that Ottawa would hold discussions with Chief Jerry Peltier and the band council about setting up a casino at Kanestake, although the Government of Quebec has categorically refused to consider it, primarily for reasons of security.

Given the refusal by the Government of Quebec, the sole games and lotteries authority, can the federal government tell us whether it plans to continue discussions with Jerry Peltier?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, we are well aware of the fact that casinos are a matter of provincial jurisdiction at the moment, and I hope that it will be possible to have discussions with parties wishing to set up casinos anywhere in the country.

**Mr. André Caron (Jonquière, BQ):** Mr. Speaker, given the minister's response, are we to assume that the federal government will put an end to any discussion, present and future, on setting up a casino in Quebec?

• (1135)

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, there are rights of discussion and free speech in this country. The Government of Canada cannot stop anyone from