

Oral Questions

can dollar, no matter how far the American dollar has latterly been devalued, is sheer coincidence, or is it not a fact that the Bank of Canada has intervened to keep the Canadian dollar at that level?

Mr. Turner (Ottawa-Carleton): I am saying to the hon. gentleman that it is the judgment of the market because the Canadian dollar has been floating freely and, as the hon. gentleman suggested, has been remaining almost at par with the American dollar. If he is suggesting to the House that there should be a premium on the Canadian dollar against the American dollar, then he should think not only about imports but about our export trade which is directed mainly at the American market and he should also take into consideration the fact that we have had a great advantage in our export potential with respect to Europe and Japan. Free market forces have determined the value of the dollar and have created a good deal of advantage for Canadians.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for York South on a further supplementary, but I might say that to my mind the hon. member's series of questions were not really supplementary to the question asked originally by the Leader of the Opposition. However, the hon. member may ask his supplementary and then we will return to the original question and to the hon. member for Northumberland-Durham, the hon. member for St. John's East and the hon. member for Témiscamingue for supplementaries.

COST OF LIVING INCREASE—SUGGESTED REDUCTION OF FEDERAL SALES TAX TO OFFSET ONTARIO INCREASE

Mr. David Lewis (York South): Mr. Speaker, since I cannot get answers to the other questions I have asked may I change the subject slightly and ask the minister whether, in view of his reference to the statement in the report of Statistics Canada that one-third of the increase in the cost of living was attributable to the higher sales tax in Ontario, he is prepared to take steps now, as I suggest he should, to reduce the federal sales tax to the point where it would offset the harm done by the increase in the Ontario sales tax?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I do not want to get involved in such a politically oriented discussion, but I will say that the government's response to the rising cost of living has been twofold: First, to increase the supply of world commodities and agricultural commodities, because basically the problem of the increasing cost of living is a supply problem and, second, to increase the disposable income of Canadians by reducing personal income taxes, eliminating all federal sales tax on food and drink except alcohol, and eliminating the sales tax at the federal level on children's clothing and footwear—

Mr. Speaker: Order, please.

[Mr. Lewis.]

COST OF LIVING INCREASE—ONTARIO SALES TAX INCREASE AS FACTOR

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is directed to the minister responsible for Statistics Canada. In view of the very obvious political bias in that statement this morning by Statistics Canada—

Some hon. Members: Oh, oh!

Mr. Lawrence:—and in light of the fact that no provincial retail sales tax has any impact on food prices, nor could any new provincial sales tax at the moment have any effect on housing, I wonder if the minister who is responsible for that statement could explain to us very briefly just how one-third of the commodity groupings across the country are related to the Ontario sales tax increase?

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of Industry, Trade and Commerce): Mr. Speaker, I can assure the hon. member and the House that I do not prepare the statements of Statistics Canada. These statements are prepared according to the mandate of Statistics Canada, recognizing the objectivity of the body itself.

Mr. Lawrence: Would the minister be good enough then to ask his officials in Statistics Canada to explain for the benefit of the public, and especially the members of this House, how that type of political boondoggling can appear in a statement like that?

Some hon. Members: Shame!

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Témiscamingue.

Mr. Gillespie: On a question of privilege, Mr. Speaker, I think the kind of statement made by the hon. member opposite is the kind of statement that should not be made in this House. The hon. member knows perfectly well that officials cannot defend themselves. If he cannot accept the truth of the objectivity of that—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Témiscamingue on a supplementary.

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[Translation]

FINANCE

INCREASE IN BANK OF CANADA INTEREST RATE—PRIOR CONSULTATION WITH GOVERNMENT—DISCUSSION BETWEEN GOVERNOR AND UNITED STATES BANKING AUTHORITIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance.