

*Oral Questions*

food prices that seems to have escaped his attention. Inasmuch as the greatest culprits are the food processors and inasmuch as they were also recipients of the corporation tax cut, which was warmly embraced by the Conservatives as well and has not been passed on to the consumer but has been stuffed into the pockets of the food processors, would the minister be prepared to do one of two things, either order the food processing companies to roll back their prices to the extent they have received this windfall gift of a tax cut or eliminate the tax reduction as it applies to the food processing industry?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, I think the Prime Minister has already given the government's response. If in a report of the Food Prices Review Board the facts alleged by the hon. member are shown to be true, then the government will take appropriate action.

**Mr. Speaker:** Order, please. The Chair will recognize the hon. member for St. John's East for a third supplementary, followed by the hon. member for Don Valley.

**Mr. McGrath:** Mr. Speaker, by way of a final supplementary, the minister referred to the three options that the government had already carried out. May I ask the minister whether he is now prepared to carry out the fourth and ultimate option, which is for this government to resign?

INFLATION—PROPORTIONS CAUSED BY INFLATIONARY  
PSYCHOLOGY AND DOMESTIC FORCES

**Mr. James Gillies (Don Valley):** Mr. Speaker, my question is for the Minister of Finance. In view of the fact we are now in the longest and most sustained period of inflation Canada has had, certainly since the introduction of the consumer price index in 1913, I have a two-part question for the minister. First, what proportion of inflation does the government feel is being developed due to an inflationary psychology in this country, and what is the government going to do about it? Second, seeing that the minister has put such emphasis on foreign forces creating inflation in this country, what proportion of the inflation in Canada is determined by domestic forces as opposed to international forces, as ascertained by members of his staff?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, I think it would be impossible either for me or the hon. gentleman for that matter to try to estimate what contribution psychology is making by way of behavioural reaction to the economic forces at play. I would not be able to give him an answer to that question, but I would be interested in what further suggestions he might make regarding the behavioural aspect of the economic art. In reply to the second question, on the basis of information and advice that I have obtained both from within and without, the government, I am of the opinion that the prime thrust of inflation in this country still remains the imbalance between supply and demand, domestically and internationally.

**Mr. Gillies:** Mr. Speaker, again my supplementary is for the Minister of Finance. Is it the position of the govern-

[Mr. Howard.]

ment that an increase in housing prices of 40 per cent in an area like Toronto is not the result of inflationary expectations at this time? What the government should do about this, of course, is to introduce—

**Mr. Speaker:** Order, please. The Chair recognizes the hon. member for Wellington-Grey-Dufferin-Waterloo.

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HOUSING

ACTION BY GOVERNMENT TO REDUCE COST

**Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo):** Mr. Speaker, my question is supplementary to that asked by the hon. member for Don Valley and is addressed to the Minister of Finance. In light of the fact the minister's answer to the question of the hon. member for St. John's East did not relate to the question of housing, exactly what steps has the government in mind to bring down the cost of housing, and can the government assure the House today that the rate of increase in the cost of housing in Ontario will be mitigated over the next year?

● (1500)

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, my colleague, the Minister of State for Urban Affairs, has referred to this question on several occasions in the House.

**Mr. Stanfield:** Only distantly.

**Mr. Turner (Ottawa-Carleton):** The price of houses depends upon a number of factors including the price of land and the interest rate, both domestic and international. Basically, one of the problems is the excessive demand for housing within the middle-income group which is produced, first, by an attempt by Canadians to protect themselves against inflation and, second, because the profit from the disposal of a house is still the only thing free of capital gains tax.

**Mr. Speaker:** Order, please. The Chair will recognize the hon. member for Wellington-Grey-Dufferin-Waterloo on a supplementary question, followed by the hon. member for Toronto-Lakeshore.

**Mr. Beatty (Wellington-Grey-Dufferin-Waterloo):** In view of the fact that the minister did not answer my first question, and in light of the rise reported last week of some 41.8 per cent in the cost of housing in Toronto in the last year, with the consequences that situation has for millions of young Canadians who probably will never in their lifetime be able to afford a home, can the minister assure the House that the government believes the steps it has taken already or contemplates taking will be adequate to ensure that the cost of housing will not increase in the coming year at an even higher rate?

**Mr. Turner (Ottawa-Carleton):** Mr. Speaker, we cannot give the hon. member that guarantee, but we can assure him that we share his view of the seriousness of the problem he has stated.