

*Oral Questions*

● (1422)

## REASON FOR HIGH RATE OF INFLATION

**Mr. James Gillies (Don Valley):** Mr. Speaker, my question is for the Minister of Finance. I find it absolutely incomprehensible that almost at the end of the twentieth century we have a government such as this. Why does the minister think the government is here? It is supposed to provide a framework for full employment and price stability. It is overwhelming to see that the government sits there and thinks it does not have to do anything about any of these problems, with one million Canadians out of work.

**Some hon. Members:** Hear, hear!

**Mr. Gillies:** Is it the position of the Minister of Finance—literally, today—that with one million people out of work, with only 80 per cent of the capacity of our plant and equipment in use, inflation in Canada is the result of excess demands on the economy? Is that what the minister is trying to say to the Canadian people?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, I never said that; I just said that we had measures which came into effect on January 1 and cut taxes to the tune of \$3 billion. When I hear the opposition asking for some action, I think that when the hon. member goes back to Toronto he should ask the government there why it increased taxes by \$350 million.

**Some hon. Members:** Hear, hear!

**Mr. Gillies:** Mr. Speaker, I happen to be one who thinks parliament is supposed to do something. I do not believe we are here to do nothing about the economic problems of this country. How long does the minister have to wait? The results are in. Retail sales in Canada in the month of January were up 6 per cent. Why is the minister saying he has to wait for statistics before taking action in that regard?

To be more specific, Mr. Speaker, there is no question that the degree of inflation in this country is a result of devaluation of the dollar. It is incomprehensible that the Minister of Finance would say that the dollar is floating, or the dollar is setting its own level, and the government has no responsibility to set the framework within which that happens. Why did he change interest rates too late? Why did he do that, if he expects the dollar to be just floating around? The question I ask is whether the minister is going to do something. Is the government going to try to do something about the devaluation of the dollar before it goes further down and causes more inflation? Does the government have any policy whatsoever or any action to propose?

**Mr. Chrétien:** Mr. Speaker, under the circumstances, it is evident that today the opposition is losing its cool. The hon. member made a long speech about the value of the Canadian

[Mr. Chrétien.]

dollar. I say to him that last night the minister of economic development of Quebec attributed the fact that the unemployment situation is better in Quebec to the level of the Canadian dollar. I would like the hon. member to read the speech made by the treasurer of Ontario, who said that the 90 cent dollar is good for the economy of Ontario.

**Mr. Lawrence:** He said we need a federal budget.

**Mr. Gillies:** I make no apologies for losing my cool, with one million Canadians out of work.

## INCREASE IN PRICE OF OIL AND GAS—EFFECT ON CPI

**Mr. Derek Blackburn (Brant):** Mr. Speaker, I should like to ask a question of the Minister of Finance. Since included in this morning's consumer price index is a whopping 14.5 per cent increase in fuel and utilities, I ask the minister whether he can confirm studies done by his department which show that the March 1 increase allowed by the government in the price of oil and natural gas will mean an additional 1 per cent increase in the CPI. This will mean a real cost of living increase this year of 8 per cent to 9 per cent, compared to his forecast of 6 per cent.

● (1427)

Will the minister confirm that his department's studies on the oil price increase and, further, that his own forecasts on the cost of living are out of kilter?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, we decided some time ago that oil prices in Canada were to increase per barrel. We did not accept the international situation to the effect that the price increase had quadrupled in one month or one year. I would like to remind the hon. member that these policies were agreed to a long time ago and they are taken into account when we make our forecasts. I would also like to remind the hon. member that one of the great proponents of an international price for oil is the government of Saskatchewan.

## REQUEST GOVERNMENT ASK ONTARIO TO RESCIND OHIP PREMIUM INCREASE

**Mr. Derek Blackburn (Brant):** Mr. Speaker, since the minister did not refer to that study or acknowledge that he had any knowledge of it, I will be happy to send him a copy. It was produced by his department.

My supplementary question to the Minister of Finance is this. Since the Anti-Inflation Board is restricting the salaries and wages of ordinary workers to an average of 6 per cent, and since the Ontario government has announced a 37.5 per cent increase in health premiums which, oddly enough, the Leader of the Progressive Conservative party has not mentioned today, will the minister get in touch with the Ontario government and