

*Oral Questions*[*Translation*]

**Hon. Audrey McLaughlin (Yukon):** Mr. Speaker, I have a supplementary for the Prime Minister. As I said earlier, our institutions must have a broad enough mandate. About the proposal concerning the mandate of the Bank of Canada, stated simply as to achieve and preserve price stability, it seems to me that it is to take a very narrow view, Mr. Speaker. The Bank's mandate should be much broader to curb these outrageously high unemployment rates in Montreal, Cap-Breton and elsewhere in Canada. It should also be designed to make sure that full employment is possible and that the needs of farmers and small businesses are met.

Is the government willing to broaden this mandate?

**Right Hon. Joe Clark (President of the Privy Council and Minister responsible for Constitutional Affairs):** Mr. Speaker, we did propose major changes regarding the Bank. But if the leader of the New Democratic Party has proposals to make, she will have the opportunity of doing so before the Committee. I think it is very important to remind the specific purpose of a central bank in a system such as ours. There is a problem at present: it is not as open as it should be to the provinces and others groups involved who are affected by the decisions the Governor makes.

That is why we proposed some major changes. For the first time, the appointment of the Governor of the Bank of Canada will be subject to the ratification of an elected Senate. That will give great power to the regions. As far as other groups are concerned, there will also be changes which could require much more extensive consultations at the regional level regarding the Governor of the Bank's policies.

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[*English*]**BANK OF CANADA**

**Hon. Herb Gray (Windsor West):** Mr. Speaker, I too have a question for the Minister Responsible for Constitutional Affairs. In the document tabled today, the government says it intends to amend the existing law to limit the mandate of the Bank of Canada to enhancing and preserving price stability.

I ask the minister, why does the government want to change the existing law to remove the present requirement that the Bank of Canada concern itself with trade, production and employment and not just price stability

and inflation? Why is the government saying to the people of Canada that its constitutional view of the impact of the Bank of Canada is that it just doesn't care when it comes to jobs?

**Right Hon. Joe Clark (President of the Privy Council and Minister responsible for Constitutional Affairs):** Mr. Speaker, one of the reasons we want to take this matter to committee where things can be discussed in some detail is so that misunderstandings, I am sure innocent misunderstandings such as that expressed by my colleague, will not prevail.

We are making proposals with regard to the bank which have to do with making clear what its central purpose is, which have to do with ensuring a greater harmonization between fiscal and monetary policy. We are making other proposals that will try to create by consensus a situation in the country where the fiscal policy of provinces and the fiscal policy of the national government follow the same course.

If the hon. member has other improvements to suggest, we will welcome his participation in the committee.

**Hon. Herb Gray (Windsor West):** Mr. Speaker, I ask the minister to take a look at his own document. It says that the "Government of Canada proposes to amend the Bank of Canada Act to make it clear that the mandate of the bank is to achieve and preserve price stability".

Then, I ask him to look at the preamble of the Bank of Canada Act which says that the bank is supposed to concern itself with "the general level of production, trade, prices and employment".

The minister has failed to give any explanation as to why it wants to limit the mandate of the bank so that it will not be able to concern itself with jobs.

I ask the minister to give a clear answer. If he wants to take time to familiarize himself with his own document, we will be happy to let him do that.

**Right Hon. Joe Clark (President of the Privy Council and Minister responsible for Constitutional Affairs):** Thanks, Herb. I appreciate these gentlemanly exchanges across the floor of the House, Mr. Speaker.

Let me be very clear. We are not seeking to limit the role of the bank. What we are trying to do is clarify that role. That will be made clearer when my colleague, the Minister of Finance, lays before a meeting of federal and provincial finance ministers a background document on the matter.