

Oral Questions

Perhaps the hon. member would like to repeat the second part of his question; then I will be able to reply to it.

An hon. Member: You need a holiday.

Mr. Stevens: I would point out to the Minister of Finance that Canada has run a current account deficit of \$3.8 billion to \$4.8 billion since 1975, as compared to the current account which was basically in balance between 1971 and 1973.

My question which the minister forgot was this: in view of the chronic current account deficit which is putting our dollar under pressure, does the minister intend to maintain his program of spending as much as \$500 million a month on U.S. dollar reserve losses, rather than to correct the basic problem that is causing the current account deficit?

Mr. Chrétien: I should like to hear the hon. member repeat that his answer to the problem is to raise taxes, and I hope he will say that during the campaign. If I were to add up all the promises made by his leader while campaigning around the country, I would have to come to the conclusion that we would have to reduce taxes by a further \$5 billion. I want to say that in terms of the floating currency we have to spend some of the reserves. But this is not spending money, as the hon. member would like to think. When we have to use some reserves, we gain Canadian dollars and the cost to the government is the difference between the price we pay for the borrowed money abroad and the price we get for that money which we lend back.

The floating dollar policy is one that has been followed for a long time. We were the first to start it in the early 1970s and we have maintained that policy. At this moment, the value of the Canadian dollar is very good for our business performance. We will have a record year in trade this year, amounting close to \$4 billion, and we will still have a large surplus next year. So we are not in a bad trade position; in fact, we are in a very good position because of the dollar.

Some hon. Members: Hear, hear!

Mr. Clark: You will have to live with those words.

Mr. Chrétien: Get up and speak now.

An hon. Member: Ten o'clock.

Mr. Rae: It is only 11.30 in the morning.

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COMBINES**OFFER BY DOMTAR TO ACQUIRE MACMILLAN BLOEDEL**

Mr. Bob Rae (Broadview): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. It was announced yesterday that Domtar Incorporated has made an offer of some \$587 million for all outstanding shares of MacMillan Bloedel Limited of Vancouver.

In view of the dramatic increase in profits in the pulp and paper industry and increased merger activity in that industry, of which this is only the most recent example, can the minister tell us how he feels the interests of Canadian workers and consumers are being protected by this kind of merger and acquisition activity?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, the proposed merger is presently under review by the director of investigations under the Combines Investigation Act.

Mr. Rae: As the minister may be aware, between January 1 and September 30 of this year the competition policy branch of his department revealed that there were 336 proposals for mergers, of which 199 were from foreign companies and 137 from Canadian firms. These range all the way from the energy business to real estate and from the liquor trade to the pulp and paper industry.

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What guarantees can the minister give that this kind of concentration activity, with its skyrocketing prices and profits, will result in new jobs and investment in Canada and also reasonable prices for consumers?

Mr. Allmand: Mr. Speaker, I cannot comment further on the investigation carried on by the director, because that is contrary to the general policy: it is not considered a proper thing to do while an investigation is under way.

Respecting the second part of the hon. member's question, the result of mergers in general on the economy is a difficult question to answer during the oral question period. It requires a much more detailed response.

Mr. Rae: Mr. Speaker, I was going to say that the minister was a paper tiger: perhaps I should say that he is a pulp and paper tiger in this case.

Some hon. Members: Oh, oh!

Mr. Rae: The minister's question simply reveals that free competition among industrial giants leads to a concentration where one company is devouring another. Can the minister not see a distinction between investment which creates jobs and lower prices, and merger and acquisition activity which simply leads to guaranteed markets and guaranteed high prices?

Some hon. Members: Order.

Mr. Speaker: Order, please. It seems to me that hon. member is entering into a very general debate.