

*Oral Questions*

to two previous proposals I had put forward, were not considered satisfactory. It was felt, therefore, that it was advisable to extend the present arrangement by one month to August 1 and during that time to arrange for a meeting between the Prime Minister and the Premier of Alberta.

We also agreed that in the meantime, before the first ministers' meeting, we would try to have further exchanges in order to advance the discussions. I would also advise the hon. member that there will be no increase in the price of oil or gas during the month of July. The present arrangement will merely be extended to August 1.

**Mr. Jarvis:** Madam Speaker, the minister has repeatedly said that he is not prepared to make public the details of his proposals until he has had a chance to discuss them with the other producing provinces, namely, British Columbia and Saskatchewan. Can the minister inform the House whether or not meetings are now scheduled with the two other producing provinces and, if so, the dates of those meetings? Can he also give us a firm date, now, upon which he will make public to the House the details of the proposals that he has set forth so far?

**Mr. Lalonde:** Madam Speaker, I am meeting with the minister of energy of Saskatchewan, Mr. Messer, tomorrow in Ottawa. My office is in touch with my colleague in British Columbia, and we are trying to find a mutually convenient date for a meeting. I shall be available to meet with my counterpart in British Columbia during the course of next week if he can make it.

With regard to the hon. member's question about releasing the details of the negotiations, after discussions with my colleague from Alberta we agreed that it would be preferable not to reveal the details of the discussions until after the first ministers have met some time in July and concluded their discussions.

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**INDUSTRY****LOSS OF JOBS IF RECESSION CONTINUES—EFFECT OF HIGH INTEREST RATES**

**Hon. Michael Wilson (Etobicoke Centre):** Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It relates to my concern about the state of Canada's manufacturing industry and the potential loss of jobs if this current recession continues.

With the first quarter's drop in the GNP indicating general weakness in the economy, does the minister feel that a further reduction in interest rates is appropriate, particularly as Canadian rates are so high relative to those in the United States?

● (1420)

**Hon. Herb Gray (Minister of Industry, Trade and Commerce):** Madam Speaker, due to the floating rate policy of the

Bank of Canada which is supported by this government, interest rates are already much lower than they were when the Conservatives were in office.

**Mr. Wilson:** Madam Speaker, again we have a great indication of how forthcoming the minister can be when answering a very straightforward question. In the formation of his economic development strategy, does the minister regard the level of the Canadian dollar as a key element in the international, competitive position of Canadian industry and in the decision-making process of companies considering investment in plant and equipment? If so, will he indicate to the House the appropriate level for the Canadian dollar which is consistent with the competitive position of Canadian manufacturing companies so that these companies can plan their future with some assurance?

**Mr. Gray:** Madam Speaker, I certainly consider this to be a key aspect to the success of companies, but I do not think the previous government was willing to state an appropriate level for the dollar. I think this can be left to the very capable Minister of Finance.

**Mr. Wilson:** Madam Speaker, I think we are trying to look forward to what we can expect from this government in the future, rather than continually looking back. In view of the answers the minister has given, will he tell the House how the current policy of relatively high interest rates, compared to those in the United States, and the climbing exchange rate is beneficial to the current long-term interests of the Canadian manufacturing industry?

Will the minister make strong representations to his colleague, the Minister of Finance, to reverse this policy? If that does not happen, will he again promise to resign if the Minister of Finance does not act in that direction?

**Mr. Gray:** Madam Speaker, we have seen a great breakthrough since the Conservatives, for the first time, are trying to look forward, rather than back. I want to assure my hon. friend that I am talking frequently and directly with the Minister of Finance on the matters he has outlined. We will continue to have policies that will further the well-being of the manufacturing sector of this country and the entire economy, unlike the circumstances when the previous government was in office.

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**EXTERNAL AFFAIRS****NEGOTIATIONS WITH UNITED STATES ON GARRISON RIVER DIVERSION PROJECT**

**Mr. Edward Broadbent (Oshawa):** Madam Speaker, my question is directed to the Secretary of State for External Affairs. At this very moment a special subcommittee of the United States Senate is considering a special measure, which it is anticipated will be passed by that committee, which will provide \$9.7 million for the Garrison River diversion project in