

Inquiries of the Ministry

minister also stated at that time that representations had been made to the government by growers of these oil seeds for a modification of the tariff.

Would the minister be in a position now to inform the house whether this matter has been referred to the tariff board for study and report?

Hon. Donald M. Fleming (Minister of Finance): Yes, Mr. Speaker, I am pleased to inform the hon. member and the house that the tariff board has given notice of public hearings on this reference on January 15 next.

INQUIRY AS TO OPERATIONS OF SECURITIES
PURCHASE FUND

On the orders of the day:

Mr. Martial Asselin (Charlevoix): I have a question for the Minister of Finance. Will the minister indicate the extent of the operations of the securities purchase fund, which was announced in the budget?

Hon. Donald M. Fleming (Minister of Finance): Hon. members will be aware of the fact that in the budget speech on June 20 I announced that the government would establish a securities purchase fund with which we would be making purchases in the long end of the market with an initial amount of \$100 million during the course of the next 12 months. That purchase fund has been in operation since that time. It is operated with a view to assisting in the management of the public debt.

In the budget speech I said that details would be announced later. I may say that monthly statements have been and will be issued in this regard. The first announcement was in fact made in our monthly financial statement for the month of July, and indicated purchases in that month of \$11.8 million of outstanding securities.

I expect that purchases may vary considerably from month to month. In the recent past we have regarded our purchases and the modest measure of support that may flow to certain areas of the market at certain times in the light of differentials between interest rates in Canada and other countries, particularly the United States, and the influence of those differentials on international capital flows and the exchange rate. Any mechanical regularity of monthly purchases would, of course, be inappropriate, since the intention is to endeavour to impart some stability to the market. Purchases by the fund this year will not necessarily be limited to the figure of \$100 million to which I made reference in the budget. If in a period of less than 12 months our purchases were to reach the figure

of \$100 million, they would not necessarily cease for the remainder of the 12 month period.

[Later:]

Mr. Stuart Fleming (Okanagan-Revelstoke): Mr. Speaker, I have a further question for the Minister of Finance relating to or arising from his answers to earlier questions. Can the minister report on the course of recent foreign exchange transactions?

Mr. Fleming (Eglinton): Mr. Speaker, hon. members will not need to be told that the Canadian dollar, expressed in terms of the United States dollar, has shown quite an impressive stability in international exchange. Its value expressed in terms of the United States dollar has been between 96 cents and 97 cents for some time now. I think the house will be pleased to know that it has not been necessary for the government to make massive commitments of funds in the exchange fund. This is certainly a matter of satisfaction to the government, and I think it will be to the house as well.

Perhaps, Mr. Speaker, I might make a comment on an associated subject while I am on my feet. In the course of the meeting of the executive board of the international monetary fund some time ago several directors expressed the hope that Canada might in due course see its way to rejoin other countries within the general system of fixed exchange rates. The meeting to which I am referring is the one which occurred in mid-July. There was, however, no suggestion that we ought to choose parity with the United States dollar or any other particular rate of exchange.

Mr. Louis Rasminsky, the governor of the Bank of Canada, who represented Canada at that meeting of the executive board of the international monetary fund, in expressing the government's intention to remain in consultation with the fund took the opportunity to remind other directors of the special continuing features of the Canadian situation which had led Canada some 11 years ago to abandon the fixed rate system after successive attempts to adhere to it. I may say that at that meeting also Mr. Rasminsky set forth the economic situation of Canada and the position of the Canadian exchange rate in the light of the statements which I made in the budget speech on June 20.

The meeting, which was called at our request, provided Canada with a welcome opportunity to reassure other directors of the international monetary fund that no competitive depreciation of the Canadian dollar is to be anticipated.