

## Oral Questions

**Mr. Hees:** A supplementary question, Mr. Speaker. As I am aware that these studies are not expected to be presented to cabinet for consideration for at least another six months, which means that one year will have passed since I brought to the Prime Minister's attention the need for productivity incentives to increase industrial productivity, which is the key to the whole matter, and as it is obvious that the Prime Minister, who is delaying, is determined to take over Sir John A. MacDonald's title, "Old tomorrow", may I ask—

**Mr. Speaker:** Order, please. The hon. member for Northumberland-Durham.

**Mr. Hees:**—if the Prime Minister does not realize that since our convention of a few weeks ago, and in view of the government's recent bad performance, his "tomorrows" are disappearing at a rapidly accelerating rate?

Some hon. Members: Oh, oh!

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## NATIONAL DEFENCE

## LOCKHEED CONTRACT—REQUEST FOR DETAILS OF CONVERSATION BETWEEN REISMAN AND DEPUTY MINISTER

**Mr. Allan Lawrence (Northumberland-Durham):** Mr. Speaker, as the Minister of National Defence is in the House, may I direct a question to him about the Reisman and Grandy affair. Yesterday the minister suggested that no representations had been made on behalf of the Lockheed company but that there had been conversations concerning the contract. In fairness to the minister, the matter may involve semantics rather than an attempt to mislead the House. I am sure that, in fulfilling his responsibilities, he knew specifically and definitely what was said by whom to whom. Will he now tell us exactly what those conversations were about? Who said what to whom?

**Hon. James Richardson (Minister of National Defence):** Mr. Speaker, the conversations with my deputy minister, which took place by telephone, were in the new year and they took place after the decision by cabinet to purchase the Lockheed long-range patrol aircraft. As far as I am aware, they concerned financing and how that financing might best be achieved. I do not think it is possible to provide details of these conversations without a much more careful examination of the individuals concerned.

## LOCKHEED CONTRACT—KNOWLEDGE OF MINISTER OF APPOINTMENT OF REISMAN AND GRANDY AS CONSULTANTS

**Mr. Allan Lawrence (Northumberland-Durham):** A supplementary question, Mr. Speaker. It seems that we are drawing a fine distinction in language between representation and conversations. May I ask the minister if either he or the Prime Minister knew that Mr. Reisman—and I gather Mr. Reisman was on the other end of the telephone line talking about the announcement of this particular contract—was actually on a retainer from the Lockheed company.

● (1430)

**Hon. James Richardson (Minister of National Defence):** Mr. Speaker, I did not know of the conversations, as you would know from my reply a day or two ago. I had no personal knowledge that conversations had taken place. I was aware, because it was not in any way a secret, that the firm of Reisman and Grandy had been appointed as consultants to Lockheed. I was aware of that as of a fairly short time ago, but I was not aware that any conversations had taken place.

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## THE CANADIAN ECONOMY

## INCREASE IN PRICE OF COPPER—GOVERNMENT MEASURES TO COUNTERACT

**Mr. Max Saltsman (Waterloo-Cambridge):** Mr. Speaker, I wish to direct my question to the Minister of Finance. It arises out of recent reports that four major copper companies in Canada have raised their prices by about 5 per cent from 63 cents to 66 cents a pound. In view of the indications that the rise in price is the result of increases in the international price for copper rather than an increase in costs, and in light of the fact this increase in price is likely to work its way into the cost structure of the economy as a whole in coming weeks, what action does the minister intend to take immediately rather than wait for the Anti-Inflation Board to examine the quarterly reports of these companies which may take weeks or months, especially with the huge backlog facing the Anti-Inflation Board?

**Hon. Donald S. Macdonald (Minister of Finance):** Mr. Speaker, we indicated with respect to certain of the basic commodities, copper being the example, which trades, as it is said on a sawtooth market, that we were not applying the same criteria with regard to cost pass through that would apply with respect to other commodities. Indeed, 53 cents a pound was the price that had been prevailing for much of the early part of this year. Most of the copper in Canada was probably being sold at less than the cost of production. We should indeed look at the returns in the industry over a longer period and not apply strictly the cost pass-through formula. In that sense, the copper industry and other base metal industries would be treated in a different form than other companies in Canada with, however, the over-all restriction on profits that would apply, but over a longer period.

**Mr. Saltsman:** In view of the fact that in 1974 Noranda, for example, had earnings of \$155 million whereas in 1975 it had earnings of \$50 million and in 1973 of some \$121 million, if it is subject to a proviso that earnings will have to be 95 per cent of the average for the base year, it will be able to raise copper prices sky-high before being caught by any form of regulations the minister is setting up. Can the minister assure the House that when he comes to looking at the permissible profit and price levels of companies like Noranda, he will take into account the result of unjustifiable windfall profits over the last couple of years rather than use that as a way of determining what their profit should be in the future?