

## ORAL QUESTION PERIOD

[English]

### FINANCE

#### EXCHANGE VALUE OF DOLLAR—POSITION OF BANK OF CANADA GOVERNOR

**Hon. John C. Crosbie (St. John's West):** Mr. Speaker, my question is for the Minister of Finance who had his chain jerked by the Governor of the Bank of Canada last Friday. On March 6 the Minister encouraged a depreciating Canadian dollar by saying that a declining dollar makes Canadian goods cheaper on world markets and that means jobs for Canadians in the forest industry and so on, that he would not spend his nights up worrying that the dollar was not worth 81 cents U.S. Last Friday the Governor of the Bank of Canada said a sharp depreciation of the dollar would bring more troubles than benefits. He would simply not agree to a deliberate depreciation and, if ordered to do so, he would probably be down south playing golf.

Does the Minister agree with these statements made by the Governor of the Bank of Canada? Presumably he does, because he was allowed to act on them. Is the Government committed to support the present level of the Canadian dollar? Is the Government opposed to any policy of deliberate depreciation of the Canadian dollar?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, the Hon. Member, as usual, is distorting the facts. What I have indicated is that when there is a lowering in the value of the Canadian dollar, obviously that helps exports. I also indicated that it has an impact on inflation. This is why the Governor of the Bank, as well as myself, have indicated that our policy was to moderate large movements in either direction, either a large decline in the value of the dollar or large increases in interest rates.

The Hon. Member knows that I meet regularly with the Governor of the Bank. We are reviewing the situation on a systematic basis. I have no quarrel at all with what the Governor of the Bank has said. As a matter of fact it corresponds exactly with what I said in the House a few days before the press conference by the Governor.

**Some Hon. Members:** Hear, hear!

**Mr. Crosbie:** Mr. Speaker, I am glad to see the Minister is applauding a public rebuke that was delivered to the Minister by the Governor of the Bank. It was a public rebuke.

**Some Hon. Members:** Hear, hear!

**Mr. Crosbie:** For the first time in Canadian history the Governor of the Bank had to publicly rebuke the Minister, as was done.

### Oral Questions

#### POLICY RESPONSIBILITY

**Hon. John C. Crosbie (St. John's West):** Mr. Speaker, I have a supplementary question for the Minister of Finance. The Governor of the Bank said on Friday that the central bank had little choice but to let interest rates go up, that if it had taken any other action to keep interest rates down, I quote:

The exchange rate would have fallen off the clock.

Who is telling the truth about the situation? Is it the Minister who says there is no preferred value for the dollar and that its value floats freely? Or is it the Governor of the Bank who says that if he had not taken action to put interest rates up, the Canadian dollar would have fallen off the clock? Who is telling the truth and who is deciding a policy in this direction?

**An Hon. Member:** The Governor. You are not.

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, I am amazed that the Hon. Member would say what he said without even smiling. I am sure that the Governor of the Bank at least would likely be smiling at his statement.

● (1420)

In effect the Governor of the Bank has said exactly what I have said repeatedly in the House and elsewhere, which is that our policy is to moderate movements and that we are not favouring sharp declines in the value of the Canadian dollar or sharp increases in interest rates. That is the policy that has been consistently followed by the Government over the years, particularly since my appointment as Minister of Finance.

**Mr. Crosbie:** Mr. Speaker, I am not smiling, nor are Canadians who are suffering from higher interest rates and more unemployment.

**Some Hon. Members:** Hear, hear!

**Mr. Crosbie:** Instead of the Governor getting the golf clubs, the Minister had better take his and depart.

#### STATEMENT ATTRIBUTED TO GOVERNOR OF BANK

**Hon. John C. Crosbie (St. John's West):** Mr. Speaker, the Governor of the Bank of Canada, Mr. Bouey, has said that he does not want higher interest rates nor does he want to see the dollar depreciate, but the latter problem would be worse. Does the Minister agree that the Government's policy is that a depreciated dollar would be a worse problem for Canada than higher interest rates? Is the Government's policy that of the Governor, yes or no?

**Hon. Marc Lalonde (Minister of Finance):** Mr. Speaker, rather than quickly quoting from short press excerpts I think that the Hon. Member would be greatly advantaged by reading the transcript of the press conference given by the Bank of Canada Governor, Gerald K. Bouey, following the release of the 1983 annual report on March 16, 1984. On 15 pages the Governor has answered questions on issues such as the ones