

Mr. BEATTIE: Yes, I think that is right, if in fact there has been an adequate chance to make sure each side understood the position of the other.

Senator LEONARD: I think we should make it perfectly clear it is not just a case of the Governor automatically saying, "True, we had a disagreement which has all been settled, because the Minister has told me what to do."

Mr. BEATTIE: We have always felt the view of the Government must ultimately prevail when everything has been taken into account, but by the same token we have never felt the Governor could take refuge behind this.

Senator LEONARD: If it was a highly inflationary policy in his view at the time, then he would certainly have to give consideration to whether or not it was sufficiently serious that he should resign, making a public issue of it.

Mr. BEATTIE: Yes.

Senator THORVALDSON: Actually, the Porter Commission on Banking and Finance deals with this whole matter quite extensively, and I recall the paragraph which suggests that if a directive were ever issued by the Government it would involve, as a matter of course, the resignation of the Governor; and it is very likely the Governor of the Bank would decide that he should resign. If I recall aright—and I was reading the commission's report just last week—something like that was in that section.

The CHAIRMAN: Senator Thorvaldson, I would think that if you got to the stage where an Order in Council, a directive in the form of an Order in Council was issued, that is a negation of the position, and whatever authority the Governor may have, there is nothing else he could do but resign.

Senator THORVALDSON: I think that is the position taken by the Porter Commission.

Senator LEONARD: That is really what Mr. Beattie has said.

Mr. BEATTIE: Yes, although I would not think that if at any time a directive were issued it would automatically cause the Governor to resign.

Senator THORVALDSON: I did not mean that. I meant that the Governor should resign; not the Government.

Mr. BEATTIE: Yes, the Governor. I do not think it would be absolutely automatic, but I think the presumption would be very strong that he would want to.

The CHAIRMAN: Yes, but if it gets to the stage of an Order in Council directive it means that the Governor in consultation has refused to subscribe to the view of the Minister?

Mr. BEATTIE: That would be the interpretation to take.

Senator COOK: There may be alternative courses that could be taken, and perhaps the Government would decide on no course. You could do it one way or another.

The CHAIRMAN: But the section says that if there should emerge a difference of opinion between the Minister and the bank concerning monetary policy then that is when you go on to this Order in Council directive.

Senator THORVALDSON: Mr. Beattie, it really declares the principle that the Government is supreme in both fiscal and monetary policy, does it not. It says that in the last analysis the Government must be supreme. In other words, if the bank has the final say in monetary policy it would be, as I think was said by the Porter Commission, a state within a state. The bank would be a state within a state were it allowed to be the final arbiter of monetary policy.

The CHAIRMAN: I am afraid I got you off into this discussion, Mr. Beattie. Do you want to continue your statement?