

ECONOMIC DEVELOPMENT

CURRENT ACCOUNT DEFICIT—GOVERNMENT ACTION TO REDUCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Deputy Prime Minister: it touches on the unsatisfactory answers we received yesterday from the intended President of the Board of Economic Development Ministers. I asked that minister what plans he had in place, or was intending to put in place, to try to arrest the current account deficit in this nation.

In 1977 we had an \$11 billion deficit on end products, a \$3.5 billion interest service deficit, a \$2.2 billion "other service" deficit, and a \$1.6 billion foreign travel deficit—all of which were up in the first nine months of this year. In view of the minister's answer yesterday, that those are medium-term and long-term problems to solve, would the Deputy Prime Minister tell us what minister is going to start solving these problems today?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there is no difficulty in identifying the ministers who are responsible for the implementation of policies related to the deficit to which the hon. member refers. There is a surplus on the merchandise account, as the hon. member knows. There is a deficit on the service account.

As my hon. friend is fully aware, deficits arise from millions of private transactions undertaken by Canadian individuals and Canadian corporations. The hon. member seemed to imply yesterday that these imbalances arose from some contrived policy on the part of the Government of Canada. They arose from decisions made in the free market by individuals and corporations.

I believe that the President of the Board of Economic Development Ministers was perfectly correct in saying that a number of these problems are medium and long-term in nature. One of these problems is, of course, the travel account deficit. If my hon. friend had followed the proceedings of the federal-provincial conference recently, he would have—and I am certain he has—understood that the federal and provincial governments regard the solution of the travel account as a medium-term problem to which both levels of government are currently addressing themselves.

● (1127)

Mr. Stevens: Mr. Speaker, my question is directed, again, to the Deputy Prime Minister who must still have the fact ringing in his ears that only this week it was announced that the third quarter deficit on the current account is the highest in our history.

Would he not tell the House frankly that the reason our dollar has tumbled from \$1.03, in U.S. terms, to its present 85-cent value is mainly the current account deficit; and if he agrees with that, does he not feel it is time the government described what plans they have to arrest the current account deficit?

Oral Questions

Mr. MacEachen: I do not agree with the hon. member's analysis of the present level of the Canadian dollar. I believe it is finding its place on the international market as a result of a large number of influences, including the state of the trade account. I believe it would be an oversimplification, not to be expected from an aspiring future finance minister, to accept that kind of reasoning.

Mr. Stevens: Mr. Speaker, my question is directed, again, to the Deputy Prime Minister who must realize that the government has expended billions of dollars in attempting to defend the dollar: \$265 million has gone out this month alone in attempting to defend the dollar. Does he not realize that it is absolutely foolhardy to be expending such sums of money in foreign funds, if you do not arrest the deteriorating current account deficit in this country?

Mr. MacEachen: Mr. Speaker, I think it is accepted that one of the objectives of Canadian economic policy is to increase our sales abroad, which would have a direct effect on our current account position. It is also an objective to influence our service account. These are obvious conclusions which are contained in the hon. member's question.

* * *

[Translation]

ENERGY

INQUIRY WHETHER MINISTER WILL ENSURE THAT GASOLINE PRICE INCREASE IS JUSTIFIED

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to put a question to the Minister of Energy, Mines and Resources.

In spite of the government decision to defer an oil price increase for six months an oil company, Esso Imperial, has announced, at least that is what I heard on the radio, that it intended to raise the price of gas by two cents a gallon.

Is the minister aware of that decision and does he intend to ensure that such a price increase is justified and report his findings?

[English]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not aware of any decision or announcement by Imperial Oil with respect to a price increase. It is possible that there may be price increases by oil companies, depending on the competitiveness of certain markets.

The hon. member will realize that the pricing policies and retail level of the oil companies are beyond the scope of the federal authority. The point that I wish to emphasize is that there will be no increase as a result of a wellhead price increase. That is the price that we have frozen, in agreement with the Alberta government. There will be no increase on January 1. If that increase had taken place, it would have provided for an increase in the order of three cents, or a little more, per gallon at that time. That will not take place.