

indicate to the community and to world markets the level at which the government of Canada is prepared to support the dollar, to avoid the kinds of fluctuations that are taking place now?

**Mr. Chrétien:** Mr. Speaker, the policy of the government is to have a Canadian dollar that floats, and it is floating. The only intervention the governor makes is to make sure that fluctuations are made in an orderly fashion.

**Mr. Gillies:** A final supplementary, Mr. Speaker—

**Mr. Speaker:** Order, please. The hon. member for Vancouver Quadra.

POSSIBILITY OF ESTABLISHING INFLATION MONITORING AGENCY

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, my question is for the Minister of Finance. I want to ask the minister about a 40-page draft of a bill dated January 12, 1978, which I am holding in my hand and which was drafted in the name of the Minister of Finance. This bill would have serious implications. It is entitled "An act to establish an inflation monitoring agency and to provide for the reporting of financial and other information".

I gave the minister a copy of this bill yesterday in committee, even though he was not sure at that time that he wanted to receive it. Has the minister reviewed the draft, as I have asked him to do, and determined who authorized its drafting and its distribution across the country?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, this draft was seen by me for the first time yesterday. I have never authorized such a bill. It was circulated to some people but it was never circulated as a draft approved by the Minister of Finance. We have discussed a monitoring agency for the last three years.

Many propositions were put before the last first ministers' meeting. It was agreed that we should ask the Economic Council of Canada to monitor prices and wages after the control period. We have not as yet received an answer on that. However, the bill referred to by the hon. member has not been approved by us, will not be approved and will not be tabled.

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ADMINISTRATION OF JUSTICE

DRAFTING AND RELEASE OF BILL ON INFLATION MONITORING AGENCY

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, my supplementary question is to the Minister of Justice. I would like to welcome him back from Vancouver, where he has been doing the job of the Minister of National Revenue. The bill to which I have referred carries the name of D. Maurais, who is an employee of the legislation section of the Department of Justice. I would like to ask the Minister of Justice who in his

office instructed D. Maurais to draft this bill, and who authorized the release of the bill across the country?

**Hon. Ron Basford (Minister of Justice):** Mr. Speaker, I do not know the officer's name; therefore, I will have to find out who he is in order to ascertain from whom he received his instructions.

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FINANCE

VALUE OF CANADIAN DOLLAR—MINISTER'S KNOWLEDGE OF ACTIONS OF BANK OF CANADA

**Mr. Allan Lawrence (Northumberland-Durham):** Mr. Speaker, I would like to question the Minister of Finance, not on Canada's credit but on the minister's credibility. There is no question that he misled the House on Monday and Tuesday and we want to ascertain whether that was done intentionally or unintentionally. Unquestionably, the Bank of Canada was attempting to stop the financial haemorrhage of this country on both Monday and Tuesday afternoons by massive expenditures to bolster the Canadian dollar. Were those actions of the governor of the Bank of Canada and the Bank of Canada without the minister's knowledge and authority, or with the minister's knowledge and authority?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, the hon. member should be careful about the terms he uses. There was a transfer of money, not an expenditure. There was a trading of Canadian dollars and American dollars, not an expenditure. The hon. member wants to create the impression that there was an expenditure. As I have said many times, the governor of the Bank of Canada intervenes to make sure that markets operate in an orderly fashion. The policy has not been changed; the policy is the same.

I explained in French earlier that we want to borrow because, as everyone knows, at this time of the year the borrowings of Canadian institutions abroad are not enough to cope with the balance of payments problems we are having. That is why we have decided to borrow abroad. That is not at all related to fixing the rate of the Canadian dollar.

**Mr. Lawrence:** Mr. Speaker, the minister told this House that the actions of the bank were ordinary and normal. There was a transfer of \$65 million on Monday and a transfer of over \$200 million yesterday afternoon. Transfers like that are not normal or ordinary. There is no question that the minister misled the House.

**Some hon. Members:** Oh, oh!

**Mr. Lawrence:** The question is whether the minister misled the House intentionally, or unintentionally. Did the minister know of those extraordinary transfers on Monday and Tuesday when he was speaking in the House? Did he know, or did he not know, at the time he was speaking in the House, about those extraordinary transfers?