

Oral Questions

implemented in the budget. I do not find myself in the position the hon. member found himself in when he was driven in his budget to implement incredible proposals simply because they had been put into the Tory election platform. I am not in that position.

* * *

FINANCE**EXCHANGE RATE POLICY—EFFECT ON MANUFACTURING INDUSTRY**

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I too wish to direct my question to the Minister of Finance. It is further to some of the projections or forecasts the Toronto-Dominion Bank has made. They are projecting that the balance of payments deficit for Canada in the next two years will grow from \$5.8 billion last year to \$6.7 billion this year and to \$7.9 billion in 1981.

My question to the minister is this. On the assumption that the energy policy, which we hope to receive from his colleague shortly, does not poison the atmosphere of investment relations with other countries and that the inflow of capital that is required for the huge energy projects that are needed by this country is forthcoming, will the minister ensure that the conduct of Canada's exchange rate policy will not undermine the competitive position of the very important manufacturing industry in this country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): As the hon. member knows, Madam Speaker, the competitive position at present of the Canadian manufacturing industry is quite strong. Only this week I had a meeting with representatives of the Canadian Manufacturers' Association. They assured me of the basic strength of the Canadian manufacturing sector and advised me not to take actions which would disturb that particular advantage of the manufacturing sector. I will certainly keep that advice in mind and not do things that would disturb the future potential of that particular and important sector of the Canadian economy.

Mr. Wilson: Madam Speaker, I am tempted to ask whether the minister is proposing an advertising program to tell the Canadian people that his policy is the cure-all for the manufacturing industry in this country, but I will not ask him that. We had enough of that yesterday.

The major problem with the Canadian balance of payments is the \$17 billion manufacturing deficit this year. We have to be doing things in this country which will improve that deficit, not just hold the line where it is now. Will the minister give the industry a clear signal today or in his budget which will give them the confidence in their investment decisions and enable them to make decisions that will provide the jobs and the long-term investment program which will substantiate the ongoing strength of this industry, particularly at a time when we are looking at an unemployment level of some one million people this winter?

Mr. MacEachen: Yes, Madam Speaker, I will attempt to give that signal, not today but in the budget.

* * *

ENERGY**PETROLEUM MONITORING AGENCY—REPORTED STATEMENT OF CHAIRMAN**

Mr. Edward Broadbent (Oshawa): Madam Speaker, I have a question to arouse from his interest in a document the attention of the Minister of Energy, Mines and Resources. The Petroleum Monitoring Agency established by the government, as the minister knows, was set up, among other things, to monitor prices and profits of the petroleum industry and report back to the public and to the government. Today Mr. Harold Renouf, chairman of that agency, is reported to have said the following:

● (1125)

I believe the industry will be better served if we are successful in clarifying to the consumer . . . the need for higher domestic oil and gas prices.

Does the minister not agree that this statement reveals in advance a completely unacceptable, biased attitude on the part of the chairman who is supposed to be monitoring the petroleum industry and its pricing policies?

Hon. Marc Lalonde (Minister of Energy, Mines and Resources): Madam Speaker, I have had an opportunity of reading the speech made by Mr. Renouf and, frankly, I find nothing objectionable at all in what he has said.

Mr. Broadbent: That is what I was afraid of.

Mr. Lalonde: He has said what I believe all parties and all governments in this country have recognized, that the price of oil and gas will have to increase in the course of this decade. I do not think anybody in this country who has sense challenges this view.

What the monitoring agency is doing, as mentioned by Mr. Renouf, is monitoring very closely the performance of the industry in many areas; the area of profitability, the area of cash flow, research and development effort, reinvestment behaviour, cost of exploration, etc. These features are going to be examined very, very carefully and very closely. This will all be made public and I hope it will help all governments to establish adequate and proper policies in terms of taxation and incentives. Even if the price of oil and gas were to go up, as I am sure they will, and as we all recognize, that does not mean that automatically the increases are going to go overwhelmingly, or in the largest share, to the companies themselves. They may go to the governments of the producing provinces or to the federal government. That is why I say there is nothing objectionable at all in what Mr. Renouf has said.

Mr. Broadbent: Madam Speaker, surely the minister will acknowledge that he has not addressed the issue at all. It is one thing for a minister of the Crown or members on this side