

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I answered yesterday, I am not at all prepared to concede the board will not be an effective agency for the purpose for which it was set up. On the precise question of whether we are contemplating legislation, the answer is no.

* * *

FINANCE

MORTGAGE INTEREST RATES—POSSIBLE ACTION TO LOWER

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the Minister of Finance. It is on another subject, but in the same area. In view of the fact reports this morning indicate a drop of 5 per cent in housing starts, following a drop in the month of May, and in view of his statement of July 5, recorded at page 5322 of *Hansard*, when he said he would look at the June figures when they arrived—unfortunately for his forecast they have arrived—will the Minister of Finance now consider taking steps to impose, by law if necessary, much lower interest rates on mortgages, in order to make shelter costs less burdensome for Canadian families?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the method proposed by the hon. member would have the effect of dislocating other interest rates. I ought to say to the hon. member he should not be quite as selective in his citation of statistics. The starts for housing in the first six months of 1973 were larger in number than those of 1972. I am advised by my colleague, the Minister of State for Urban Affairs, that our predictions still for a larger number of housing starts for the entire year than last year.

[Translation]

INQUIRY RESPECTING LOAN TO INTERNATIONAL MONETARY FUND

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, may I put a question to the Minister of Finance?

My question is composed of three parts, in order to avoid supplementaries.

Everyone learned yesterday that the Canadian government loaned \$1 billion to the International Monetary Fund in order to support the American dollar. Would the minister tell us where this billion came from, at which rate it was loaned and whether it represents assets increasing by as much the reserves of the Canadian chartered banks?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, it is not a loan but a swap arrangement; it represents reciprocal credit granted mutually by Canada and the United States, as well as between the United States and other industrialized countries. As it is not a loan, the two other parts of the question do not apply.

Mr. Caouette (Témiscamingue): Mr. Speaker, a supplementary.

Did the arrangements between Canada, the United States and other countries not get the blessing of the

Oral Questions

government or the Minister of Finance, because a credit is involved? Where does this credit come from?

Mr. Turner (Ottawa-Carleton): The credit is reciprocal, and the United States have absolutely no intention of using it. This was an effort on Canada's part to help the United States and other countries stabilize the monetary system.

● (1430)

[English]

SUPPORT OF UNITED STATES DOLLAR BY CENTRAL BANKS OF EUROPE—POSITION OF CANADA AT MEETINGS IN WASHINGTON AND NAIROBI—REQUEST FOR STATEMENT

Mr. James Gillies (Don Valley): As the Minister of Finance knows, the central banks of Europe have agreed to support the United States dollar. Is it the official position of the Canadian government that this is a proper move to take?

Hon. John N. Turner (Minister of Finance): We have no position with regard to what Europeans may or may not wish to do. As far as our own dollar is concerned, and its relationship with the United States dollar, we are relying on free market forces.

Mr. Gillies: Is the Minister of Finance saying that the Canadian government will attend the meetings in the fall holding the position that the United States dollar shall continue to float?

Mr. Turner (Ottawa-Carleton): Not necessarily. We shall be going to the meetings in Washington at the end of July and in Nairobi for the annual meeting of the International Monetary Fund. We have to move toward a series of margins for adjustable, stable exchange rates.

Mr. Gillies: Given the fact that the Minister of Finance has stated at various meetings of the Finance Committee that the position of the Canadian government is that there should be a clean float, would the minister, before parliament rises, make a statement in the House setting out the specific proposals the Canadian government will take to the meetings in Washington and Nairobi?

An hon. Member: How the hell can he?

Mr. Turner (Ottawa-Carleton): I will take that suggestion into consideration, as I told the hon. member for Edmonton West. All I said in committee was that the position of the Canadian dollar is one of a clean float, that is, the Bank of Canada on behalf of the exchange fund intervenes only to maintain an orderly market. That was the limit of my opinion. I did not express any view before the committee as to the level the United States dollar ought to reach.