

Oral Questions

price increases. But it was the board itself, in carrying out its mandate, which has determined these two factors.

● (1420)

INQUIRY WHETHER ALTERATION OF QUALITY OF PRODUCT WOULD INVOLVE PRE-NOTIFICATION

Mr. Edward Broadbent (Oshawa-Whitby): Can the minister tell us that in cases where a company decides to reduce the quality of the product it is making or subtracts some of the components from the product it is selling and decides to continue to sell the product, without modifying the price at the same time, such changes, which would ultimately result in higher profits on individual lines of products, will require the submission of pre-notification of this kind of behaviour to the board?

Hon. Donald S. Macdonald (Minister of Finance): I think it would be undesirable to give an interpretation in detail except to point out to the hon. gentleman that if the profits exceed the net profit margin which the company is entitled to make, under those circumstances it would, of course, be in violation of the guidelines and subject to action under the law.

Mr. Broadbent: In a final supplementary question I should like to ask the minister for clarification on that precise point. Is the minister saying that a company which chooses to operate within the program under the terms provided for a clearly identifiable product line is also subject to the 95 per cent procedure for assessing whether or not they have exceeded the guidelines? My understanding was that it was an either-or proposition and they were not subject to both requirements.

Mr. Macdonald (Rosedale): I think the hon. gentleman is confusing the application of one of the three alternative means of control, either the direct cost pass-through rule technique, or if that were not possible the net profit margin rule or, in the case of distribution trades, the gross margin profit rule. It may be that in relation to certain lines of products the net profit margin rule may apply and in relation to other lines of products it may be possible to apply the net cost through rule.

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[Translation]

EXTERNAL AFFAIRS

ALLEGED WASTE OF RESOURCES BY QUEBEC FOR PROFIT OF UNITED STATES—GOVERNMENT POSITION

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister.

Yesterday, the Prime Minister stated, following the statements by the former U.S. Ambassador to Canada, that Canada is not a U.S. colony. Yet, it was announced last night that the U.S. State Department had confirmed that their ambassador's statements were in accordance with their policy.

Mr. Speaker, here is my question. If we are not a U.S. colony, does the federal government or the Prime Minister have anything to say or any action to take in respect of a

[Mr. Macdonald (Rosedale).]

government like, for example, the government of Mr. Bourassa in Quebec who is squandering the province's natural resources for the benefit of Americans, and is spending his time in the United States trying to borrow for the James Bay project, for Quebec Hydro, etc.? Does the central government have anything to say to prevent Quebec from becoming a U.S. colony?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know whether I can answer the whole question, but as regards the first part of it, I want to assure the hon. member, as I think I did a moment ago, that the alleged statement by the Secretary of State that ambassador Porter was authorized to say what he said, that so-called news is false and that the Secretary of State himself, Mr. Kissinger, is not of that opinion. Now, it would be surprising that his department would have a different opinion from his.

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

I just spoke of the province of Quebec. To enable it not to become an American colony, would the federal government allow it to borrow directly from the Bank of Canada, at home, instead of it having to borrow from the Americans to develop our natural resources?

Mr. Trudeau: Mr. Speaker, I shall make sure Premier Bourassa is acquainted with the advice the Social Credit leader is giving him.

Mr. Caouette (Témiscamingue): Mr. Speaker, I have one last supplementary.

Is the Prime Minister aware of the statement made by the Americans, since the Social Credit victory in British Columbia, that the results of the election are giving American investors renewed confidence in that province and even throughout Canada? Does the Prime Minister intend to take steps similar to those taken by the Social Credit Party in British Columbia?

Mr. Trudeau: Mr. Speaker, I cannot say to whom the results of the election have inspired confidence, but I do know they have considerably reduced that of hon. members sitting to the right of the hon. member.

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[English]

PUBLIC SERVICE

SUGGESTED INSISTENCE EMPLOYEES PROVIDE SERVICE IN BOTH OFFICIAL LANGUAGES—POLICY ON PAY DIFFERENTIAL

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the President of the Treasury Board. It relates to the motion by the hon. member for Lachine under Standing Order 43 at the beginning of the proceedings and to the reports today of the intention of certain federal public servants to embark on a policy of supplying federal government services in Quebec in one language only. Having regard to the policy of the government, and indeed, the expressions of this parliament with respect to the matter, can the President of the Treasury Board assure the House that the government intends