

*Interim Supply*

their banks because they saw it was a good thing and they could not do so.

I want to leave the bond issue for a minute and refer to the Bank of Canada. In my opinion there is one fundamental weakness in the Bank of Canada. Members of the judiciary are appointed by the different parties when in power and I think they can be said to be above reproach. However, the members of the board of directors of the Bank of Canada might not always be held to be as above reproach as they should be. Just the other day, for instance, we heard about one director contributing large sums of money toward the election of different members in Vancouver.

**Mr. Fisher:** Conservative members.

**Mr. McMillan:** That is right. I recall the public discussion a year or so ago between the Minister of Finance and the governor of the Bank of Canada concerning the tight money policy. In fact, it got in the press. I am not accusing any member of the board of directors of the Bank of Canada of not acting in the best interests of Canada but the implication is there that sometimes they may act in a certain way for political reasons. If a man is contributing \$20,000 or \$25,000 of his own money to a political party, what assurance do we have that the people of Canada will get the best action from him as a director of the Bank of Canada? Will he always have the good of Canada at heart?

If we look at the list of directors of the Bank of Canada we see that more than one is a recent political appointment. Our fiscal policy at the present time is not good. We have the highest bank deposits we have ever had in our history. Yet the Minister of Finance cannot get the people to buy his bonds.

**Mr. Fleming (Eglinton):** That is not true. The last issue was oversubscribed.

**Mr. McMillan:** He tells us that he requires money. If so, why are there so many bonds held by the banks? I call on the Minister of Finance and the government to have members on the board of directors of the Bank of Canada who have no political axe to grind and who will at all times give their best consideration to the people of Canada and not make decisions based on political reasons.

**Mr. Fisher:** Mr. Chairman, I was delighted to hear the remarks of the hon. member for Welland about political appointments and their possible relationship to and effect upon policy. I simply want to mention in passing that I was delighted to hear his remarks. It would seem that our lone stand with regard to this particular matter has found one convert at least in the party with respect to

which I had the feeling up to this time that they did not agree with our point of view. I am sorry that I did not hear the remark of the hon. member for Halifax and I feel that perhaps he did not want it on the record.

**Mr. McCleave:** I said that the C.C.F. is sucking in more Liberals every day.

**Mr. Fisher:** The remarks I want to make have to do with the promise made last year by the Minister of Northern Affairs and National Resources with regard to a review of the taxation policy of the government as it affects the forest industry and particularly the pulp and paper industry. We have already heard today something directly about the pulp and paper industry in so far as it affects Newfoundland. Of course, the Anglo-Newfoundland Development Company Limited has an interest up in northwestern Ontario, as the hon. member for Kenora-Rainy River will know. This company happens to hold a concession, at least a lease for a period of time while it makes up its mind whether or not it will establish a pulp and paper mill at the town of Sioux Lookout.

I know the hon. member for Bonavista-Twillingate already has given wide publicity to the fact that another pulp and paper company, Crown Zellerbach, has decided not to go ahead with developments in Newfoundland. The general picture in the pulp and paper industry at the present time is that of a tendency to pull in horns in so far as further capital expansion is concerned. There is a general indication, if one reads the financial pages, that the market for newsprint especially but also other forms of paper products such as kraft, wrapping and fine papers, is at least saturated.

I just point out in passing that the difficulties of the pulp and paper industry have not been reflected so far in dividends or in profits to any marked degree. I see one hon. member on the other side look up with a quizzical expression, and I imagine he follows this particular industry pretty closely. I believe he will agree with my remarks here so far, that none of these pulp and paper companies seem to be going deeply in the hole. However, there is this factor, and this is from the point of view of silviculture and forest management, that whenever any suggestions are made that these companies should be held to the type of responsibilities related to forest management and silviculture they always say that the governments are taking such a bite from them they just cannot afford to accept these particular responsibilities.

One of the consequences of this is that a bill, rather famous in Ontario, known as