

interpretations, no existing rights or benefits will be withdrawn?

Mr. Lamontagne: Mr. Speaker, it seems clear from what the hon. member for Oshawa-Whitby just said that the final decision will be made by the mediator-arbitrator. He will make his decision after discussing what must be clarified in the language of the collective agreement. I do not think there will be any question of a rollback, as it is called in a collective agreement. That was never our intention. The final decision will be made by these three persons.

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● (1432)

[Translation]

INCOME TAX

MEMO FROM CHAMBER OF COMMERCE ASKING FOR
REDUCTION IN INDIVIDUAL INCOME TAX—REACTION OF
MINISTER

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Finance. Reports appeared in the morning papers that yesterday the Chamber of Commerce submitted a memo to the minister in which they suggest a reduction in individual income tax. Would the minister tell the House whether or not he is aware of the contents of that memo and what answer he intends to give in light of those recommendations?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am now receiving briefs from several organizations before presenting my budget. I have met with most of the finance ministers in Canada as well as businessmen and union leaders throughout the country. That is a process of consultations which I began last spring and which I intend to continue. I receive advice which does appear contradictory at times but I take it into consideration. All those consultations will help me draft a budget which will reflect the views I have received, but in the end it will be the government's responsibility to announce its own measures and I will take into account recommendations from the Chamber of Commerce when I will be preparing my budget.

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[English]

FINANCE

EFFECT OF FOREIGN BORROWINGS ON CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that in the last six months there has been borrowing at all levels in Canada to the amount of something like \$4.4 billion of foreign funds—well in excess of the present current account deficit—would the minister tell us why, in spite of this massive borrow-

ing, our dollar is continuing to tumble, hanging, as it is now, within a rather wobbly 84-cent range?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have explained the policy with regard to the dollar almost every week since I became minister. The Canadian dollar is a floating currency and the governor of the bank intervenes only to make sure that the market operates in an orderly fashion. The rate of the Canadian dollar is determined by the market.

Mr. Stevens: Mr. Speaker, since at a seminar in New York yesterday attended by many international bankers of the world it was widely reported that the Bank of Canada had lost still further reserves in the current month, defending the floating dollar in the way the Minister of Finance claims it is not doing, would the minister tell us, in addition to the \$750 million, October 15 issue which now has a red herring out on it, what additional foreign borrowing he contemplates will be needed in the next six months?

Mr. Chrétien: Mr. Speaker, when we decide to borrow abroad, or outside Canada, we make the announcement the day we take that decision. No such decision is being taken by the government at this time.

Mr. Stevens: Mr. Speaker, a further question to the Minister of Finance, who appears to want to continue the charade about a floating dollar. Would he indicate what, in his opinion, is a fair value for the Canadian dollar in relation to the U.S. dollar, bearing in mind that if he and the government are not willing to show what in their opinion is a fair value, one cannot expect world confidence to be restored in the dollar at any level?

Mr. Chrétien: Mr. Speaker, the hon. member likes to make all sorts of statements. It is not for me to determine the value of the Canadian dollar: it is a floating currency and its value is determined by the market.

DEDUCTIBILITY OF MORTGAGE INTEREST PAYMENTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Finance. The government has appointed 23 sectoral task forces to report on different phases of the Canadian economy, and now a two-tier committee representing business, labour and the academic world has reported. One of the recommendations is this, and they are proud that they are able to agree: they note that the deductibility of mortgage interest payments should be reviewed by the government and given careful consideration.

In the light of this recommendation, is the minister dropping his fanatic opposition to mortgage interest deductibility, and has he given thought to including such a provision in his budget and considering it as a possibility?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have explained that if at this time we were to introduce a program which would cost the treasury \$3 billion in loss of revenue, at the time we are running a large deficit which the