

*Inquiries of the Ministry*

that bill, letting the good part of the bill through and killing that which is killing the economy?

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, I do not agree with the premise of the question. Therefore the answer is no.

**Mr. Woolliams:** Mr. Speaker, I do not think the Prime Minister understands the premise because he has not read the newspaper reports.

**Mr. Speaker:** Order, please. The hon. member for Oshawa-Whitby.

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**THE CANADIAN ECONOMY****STEPS TO INCREASE INVESTMENT BY CANADIAN BANKS**

**Mr. Edward Broadbent (Oshawa-Whitby):** Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. Following the revelation by the Gray Report that too little of the investment funds of Canadian banks actually goes into the Canadian economy, and following the remarks of the Prime Minister this afternoon that more needs to be done to expand the service sector of the economy, is the government giving serious consideration to taking steps which would lead to greater investment in the Canadian economy as a whole, and particularly in the job-creating service sector, by Canadian banks?

**Right Hon. P. E. Trudeau (Prime Minister):** We are studying that question, Mr. Speaker.

**Mr. Speaker:** Order, please. The Chair will recognize the hon. member for Edmonton West who has been trying since yesterday to ask a question.

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**FINANCE****CANADIAN INITIATIVES AT GROUP OF TEN MEETING TO RESOLVE INTERNATIONAL MONETARY PROBLEM**

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, my question is directed to the Prime Minister. Would the right hon. gentleman tell the House whether the Minister of Finance has taken any instructions from the government of Canada to the meeting of the Group of Ten in Rome with a view to developing initiatives in resolving the international monetary situation, or is Canada merely to adopt a passive role—

**Mr. Hees:** Just hope and pray.

**Mr. Lambert (Edmonton West):** —and to react to the suggestions of other countries?

**Right Hon. P. E. Trudeau (Prime Minister):** Mr. Speaker, while the hon. member for Prince Edward-Hastings hopes and prays, the Minister of Finance will be following the line he has taken in the House of Commons.

**Mr. Lambert (Edmonton West):** Mr. Speaker, it is because of the minister following the usual line that we are making these inquiries. He has had a complete blind

[Mr. Woolliams.]

spot in regard to this problem. Therefore I am asking whether we in Canada have developed any particular initiatives to try to resolve this problem?

**Mr. Trudeau:** Mr. Speaker, again, of course, there is disagreement on the premise of the question. If the hon. member feels the minister has had a blind spot, then he can do no more than hope and pray, like the hon. member for Prince Edward-Hastings. We will show results.

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**NATIONAL DEFENCE****CANADA-U.S. PRODUCTION-SHARING AGREEMENT—1963 AGREEMENT ON MAINTENANCE OF DOLLAR BALANCE—INCLUSION IN CURRENT NEGOTIATIONS**

**Mr. J. M. Forrestall (Dartmouth-Halifax East):** Mr. Speaker, my question is directed to the President of the Treasury Board. Is he prepared to indicate whether he signed an agreement some time in June, 1963, on behalf of the government of Canada with the then United States Secretary of Defence, Mr. McNamara, the effect of which was to require the maintenance of a rough dollar balance in our defence production-sharing arrangements with that country?

**Hon. C. M. Drury (President of the Treasury Board):** Mr. Speaker, following discussions with Mr. McNamara I did make a report to the House on the conclusion of those discussions, and in general this was confirmed by an exchange of correspondence. As I think the House is aware, this particular arrangement is now under rather delicate negotiations with the Americans and is no longer my responsibility but that of the Minister of Industry, Trade and Commerce.

**Mr. Forrestall:** I thank the minister for that indication, and I wish to direct a question to the Minister of Industry, Trade and Commerce. It is a slightly different question but I suggest it is very closely related to my first one. Can the minister indicate if the present negotiations between Canada and the United States in the field of defence items, defence purchasing, and the area of related research and development information on material and programs, are being conducted on the basis of a required dollar balance formula with the United States and, if so, what is going to happen to the present surplus of \$500 million that lies in our favour?

• (2:40 p.m.)

**Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce):** Mr. Speaker, first, I want to correct the statement made yesterday by the right hon. member for Prince Albert. The \$500 million Canadian surplus is a cumulative advantage for 1959-70 and not last year's Canadian surplus under the defence agreement. That is the first point I wished to make.

In the document referred to by the President of the Treasury Board the concept of "general balance" was set out, but it has never been defined. This is where I believe the analysis of circumstances becomes very important. What has happened since 1963 is that there has been a very extensive United States defence commitment around