

FINANCE

FREEING OF DOLLAR EXCHANGE RATE—
COMPENSATORY ACTION BY COLUMBIA
CELLULOSE COMPANY

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on Wednesday last I asked a question, intended as notice for the Minister of Finance, concerning steps taken by the Columbia Cellulose Company Limited, which, incidentally, is one of the largest pulp exporters in Canada, to establish a Canadian currency equalization surcharge of between 5 per cent and 8 per cent on all its foreign sales of pulp in order to compensate for the effects of freeing the dollar exchange rate. Has the minister received any information about this practice? Does he know whether similar steps have been taken by other Canadian exporters, and what is the response of the government to action of this type by Canadian exporters?

Hon. E. J. Benson (Minister of Finance): Unfortunately, I was away at the end of last week and the question was brought to my notice only just before the question period began. I must look into the details. If it means that Canadian exporters have not been charging enough for their products, and that they can get more money for them, I do not think we can object. But I must look into the situation in order to understand fully what is involved.

FREEING OF DOLLAR EXCHANGE RATE—OFF-
SETTING OF EFFECTS ON LUMBER AND
SMALL BERRY INDUSTRIES

Mr. Robert C. Coates (Cumberland-Colchester North): My question is also related to the consequences of the decision to free the Canadian dollar. Is the Minister of Finance in a position to tell us whether legislation will be proceeded with before the recess designed to offset the serious damage which has already occurred to the lumber industry and to minimize the consequences to the small berry industry which also depends to a substantial extent on export markets?

Hon. E. J. Benson (Minister of Finance): When we moved to the floating exchange rate, I undertook to look at some of the difficulties which might be expected to develop as soon as the rate had settled down. I do not see that we could possibly introduce legislation before the parliamentary recess.

Mr. Coates: In view of the strong objections to this step which the lumber industry has taken through its various associations, and

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the extreme difficulty in which it has been placed, may I ask whether the minister intends to take any action to help them to surmount these problems?

Mr. Benson: Not at the present time. Of course, when our dollar was undervalued exporters had a great advantage, and when it was brought back to a more normal level through the free play of the exchange market exporters enjoy a little less of the advantage which had been theirs. In some cases particular difficulties may arise and we are willing to examine those cases and ascertain what is involved. There are assistance programs administered by the Department of Industry, and they are much more numerous than they were a few years ago. But there is no intention to bring in legislation before the end of the session.

Mr. H. Russell MacEwan (Central Nova): Has the minister received representations from industries such as the lumber industry, the pulp and paper industry, and so on, objecting to the move which has been made?

Mr. Benson: Yes, Mr. Speaker. I have received a good many representations from exporters with regard to the position of industries which will now be less favourably situated. I have also received congratulations from importers and consumers on the fact that the cost of imports will be lower. It will take some time to determine the over-all effect.

REMOVAL OF SALES TAX ON BUILDING
MATERIALS—MEASURES TENDING TO
LOWER MORTGAGE INTEREST RATES

Mr. Paul Yewchuk (Athabasca): I should like to ask the Minister of Finance whether he has any intention of announcing the removal of the 11 per cent tax on building materials as well as other measures which will tend to bring about lower interest rates on mortgage loans?

Hon. E. J. Benson (Minister of Finance): I think the easing of the monetary situation has already resulted in interest rates coming down somewhat. The treasury bill rate last week was under 6 per cent for the first time in a long while, and there have been indications of other interest rates coming down somewhat. With regard to fiscal measures, if tax changes are to be made they will be announced in the normal manner in the House.