

FINANCE

GOLD—INQUIRY AS TO SALES PROCEDURE

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance and I have given him notice of it. It arises from an answer he gave to the hon. member for Burnaby-Coquitlam on Monday last which appears at page 7725 of *Hansard*. In answer to a question whether Canada would be selling gold to the United States the minister said in part:

If we come to the conclusion that our gold reserves are more than adequate as a proportion of our total reserves, we might feel we should sell some in order to increase our earnings and thereby reduce the taxes we have to raise.

My question is: Under the terms of the agreement reached in Washington last week, would the minister tell us if it is possible for the government to transfer monetary gold—he referred to reserves—in any other way except by settlement of balance of payments? That is to say, can it actually be sold from our reserves and is the United States still going to buy gold or is it merely going to be transferred as part of the process of settling international payments?

Hon. Mitchell Sharp (Minister of Finance):

Mr. Speaker, so far as I know there is nothing in the agreement reached in Washington last week which prevents the transfer of gold between central banks or between our exchange fund and the United States. The limitations are, first, upon the sale of gold out of reserves into the private market and, conversely, a restriction on the purchase of gold by monetary authorities from the market.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I have a supplementary question again arising out of the answer the minister gave last Monday. This part refers to the purchase of gold from Canadian producers by the government. The minister had this to say:

The position at the present time under the Emergency Gold Mining Assistance Act—

Mr. Speaker: Order, please. The hon. member should ask the question directly.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Very well. The minister has suggested that the provisions of the gold mining assistance act—excuse me, I simply have to lay the

Inquiries of the Ministry

ground for the question; it is not one you can just spit out in two or three words. The minister has said he considers the situation is not changed and that the Canadian mint will purchase gold from Canadian producers. The question I want to ask is, on what terms will it be purchasing the gold, how will the price be set, and what will the Canadian mint do with it when it has purchased gold from Canadian producers?

Mr. Sharp: Mr. Speaker, the gold that is being purchased by the mint is being held in its own vaults until we reach a decision as to the best means of dealing with it. As the hon. gentleman knows, it is part of the agreement among the central banks that the monetary authorities will not add to their reserves by buying gold. We are not yet sure what policy to follow with respect to the gold acquired, so we are keeping it in the vaults pending final decision.

[Later:]

Mr. M. W. Martin (Timmins): Mr. Speaker, my question for the Minister of Finance is related to that asked by the hon. member for Nanaimo-Cowichan-The Islands. This matter is of particular importance to my area. Could the minister clarify whether the government is going to continue to buy gold from Canadian producers and, if so, at what price?

Mr. Sharp: Mr. Speaker, under the Emergency Gold Mining Assistance Act gold can be purchased by the mint at \$35 an ounce. The agreement that we have with the central banks is that our exchange fund will not buy any gold from the market. That is why I said in reply to an earlier question that the gold being purchased by the mint is being held in its vaults pending a decision as to the proper way of disposing of it.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Do I take it that the gold producers are free to sell gold on the open market at the same time if they so desire but that they will have to forgo the subsidy if they do?

Mr. Sharp: Yes, Mr. Speaker. The gold mines have the alternative of selling on the open market. If they do that, then of course they do not receive the subsidy. If they sell their gold to the mint they do receive the subsidy.