

Inquiries of the Ministry

LEVEL OF CANADIAN DOLLAR—QUEBEC BORROWINGS IN UNITED STATES—DISCUSSION WITH PROVINCIAL PREMIER

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, in view of the problems associated with the position of the Canadian dollar I should like to ask whether the Minister of Finance has had any direct communication with the province of Quebec, particularly in view of the program announced by the Prime Minister of that province over the weekend involving a potentially large inflow of United States dollars which might very well affect the status of the Canadian dollar?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I have not had any direct contact with the Prime Minister of the province of Quebec on this particular matter. However, I have urged all provinces to do as much borrowing as possible in Canada. With regard to the particular matter raised by my hon. friend, of course the influence on the Canadian dollar would depend on the period of time over which there was an inflow of capital in this regard.

LEVEL OF CANADIAN DOLLAR—EFFECT OF TAX PROPOSALS—DISCUSSION WITH PROVINCIAL PREMIERS AT FORTHCOMING CONFERENCE

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a supplementary question. In view of the fact that a number of provincial premiers are very concerned about the value of the Canadian dollar and because so many of the tax proposals the minister may bring in will certainly affect the dollar, is it the intention of the minister or of the government to discuss any of these tax proposals and any questions concerning the dollar at the next conference with the provincial premiers or is the conference to be limited to constitutional matters?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, at this time I have not seen the agenda for the meeting of the prime ministers and premiers. However, this matter will be discussed with the provincial treasurers when I meet with them. With regard to the matter of tax proposals, it is our intention after the budget speech and the legislation are presented to have a meeting with the provincial treasurers and ministers of finance at that time in order to discuss the specific proposals included in the budget presentation of the government.

METHOD OF MAKING INCOME TAX CHANGES

Mr. John Burton (Regina East): Mr. Speaker, I should like to ask the Minister of Finance if he can now indicate when the amendments to the income tax legislation will be introduced in the House or will they be related to the budget presentation to which he has already made reference?

Hon. E. J. Benson (Minister of Finance): I think they will probably be related to the budget presentation I have mentioned which would be some time after the end of this month.

[Mr. Benson.]

LEVEL OF FOREIGN CURRENCY RESERVES—USE TO PURCHASE PROVINCIAL AND MUNICIPAL SECURITIES HELD IN UNITED STATES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary for the Minister of Finance. Since one of the reasons given for unpegging the Canadian dollar was the large amount of foreign currency reserves we were required to maintain and as those reserves are much larger now, is the government planning to make any use of these reserves? I understand we have already purchased some of the federal securities held in the United States. Is the minister planning to ask for any amendments to permit the government to obtain provincial and municipal securities held in the United States?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, although these reserves have risen somewhat beyond the level at the time the dollar was unpegged, they have not risen materially in this period. If one takes into account the forward commitments of the government at the time the dollar was unpegged, the government has not interfered materially in the valuation of the Canadian dollar as it would in the foreign exchange markets. With regard to the changes in the legislation for use of these reserves, I have no present intention to ask Parliament for this.

TIME REQUIRED TO ACHIEVE FULL EMPLOYMENT ON BASIS OF PRESENT POLICIES

Mr. David Lewis (York South): Mr. Speaker, may I ask the Minister of Finance to tell the House whether the government has some estimates as to the time it will take to arrive at full employment, as defined by the Economic Council of Canada, on the basis of the policies the government has undertaken?

Hon. E. J. Benson (Minister of Finance): I am not sure the Economic Council of Canada did define full employment, although I understand one of my hon. friend's colleagues did define it as 4 per cent. We will work toward this throughout this year and the following year.

Mr. Lewis: Mr. Speaker, I corrected the Prime Minister on that the other day and I would have thought the Minister of Finance would have heard it. He ought not to suggest that we suggest 4 per cent. On the basis of the Economic Council of Canada's suggestion of 3 per cent as the maximum unemployment we should have in Canada as a full employment policy, I think it is important for the House and the country to know whether the government has any estimates to indicate how long the Minister of Finance thinks it will take us to reach at least a 3 per cent unemployment rate?

Mr. Benson: Mr. Speaker, when one is talking in this area one is forecasting into the future in a way the Minister of Finance does not normally do in the House of Commons except during his budget presentation. When I make my budget presentation I will indicate what the expected unemployment should be throughout the year, just as I did last year.