

Oral Questions

ing our economic and financial situation with that in countries which are better off than we are, and suggested we should only compare them with countries which are worse off economically, such as Argentina where there is high inflation and strikers are put up against the wall.

Is the government considering the introduction of sunshine legislation which will permit the press to make comparisons only between Canada and countries which are less well off, if we can find such countries? Is that being contemplated by the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the sunshine legislation which would interest the Canadian public is that which would retire the hon. member, and I hope it happens soon.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, the Prime Minister has had many opportunities to call the election, but he is afraid to do it.

Some hon. Members: Hear, hear!

Mr. Crosbie: My supplementary question to the Prime Minister is the following: does the Prime Minister accept any responsibility for our current economic situation, or is it all the fault of the Canadian press, as the Minister of Industry, Trade and Commerce suggests, or of the Canadian people because, as the Prime Minister suggests, Canadians are too soft, the Minister of State for Fitness and Amateur Sport says we are too fat—the fat times are over—the Minister of Finance says—

Mr. Speaker: Order, please. The hon. member may recognize a trace of argument in his question.

Mr. Crosbie: My question to the Prime Minister is this: Does the Prime Minister accept any responsibility for our current economic position?

Mr. Trudeau: We are the government, Mr. Speaker.

Some hon. Members: Oh, oh!

An hon. Member: You could have fooled me.

INTEREST PAID ON FOREIGN BORROWINGS

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, my question is directed to the Minister of Finance: it concerns his announcement last night to borrow up to another \$3 billion in foreign money markets. Can the minister confirm that the total of over \$7 billion in borrowings and standby credit is costing the Canadian taxpayer over \$750,000 a day in interest charges alone? If so, how can he justify this tremendous burden on the Canadian people?

[Mr. Crosbie.]

● (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I can give quite a lengthy reply. It is quite complicated. If we borrow abroad, we do not borrow the equivalent amount of money in Canada. If we keep the money we borrow in the reserves, we place that money in treasury bills in the United States, and so on, and receive some interest on that money. It is a very complex proposition. I will be delighted if these questions are asked in the committee this afternoon. I will be there with my experts, when I can give an exact answer; but I cannot do that in the question period.

Mr. Saltsman: Mr. Speaker, the minister has stated that it is the Canadian government's policy to have a floating dollar on the exchange markets of the world. Can he explain to the House why the government has felt it necessary to borrow, over the past two or three months, over \$7 billion to prop up the Canadian dollar, which is a blatant contradiction of having a policy of a floating dollar?

Since this has never taken place anywhere in the world before, where a country has had to undertake massive borrowings to prop up a so-called floating dollar, can the minister explain the government's position to this House and to the Canadian people and not put it off by saying he will do that before the committee?

Mr. Chrétien: Mr. Speaker, we have not borrowed \$7 billion as the hon. member has stated. We have established a line of credit which we can use if needed. However, we have not borrowed that amount of money. We borrowed \$750 million in the United States and \$823 million in Germany. We have withdrawn \$1.3 billion in standby credit from Canadian banks; we have not used the American facilities. We have sufficient flexibility so that if some people try to push the Canadian dollar up or down in an unreasonable fashion, the governor can intervene to ensure that the dollar floats in a normal fashion, as has been our policy for many years.

Mr. Saltsman: In view of his reply, can the minister explain to the House why this latest borrowing of up to \$3 billion in standby credit is required, particularly since the credit facility is designed for an eight-year period? Is the minister expecting that the Canadian dollar will be in continuing difficulty for the next eight years and therefore feels it necessary to undertake these massive foreign borrowings? Also, is the pattern of this borrowing not in fact the very thing that invites speculation against the Canadian dollar?

Mr. Chrétien: Mr. Speaker, I do not think that at all. We have established a line of credit that we can stop any day we feel it is necessary. However, we had to establish it for a period of years. That is why we have the period of eight years. If there is stabilization in the money market, we can cancel that on any day.