

Oral Questions

say if consideration has been given to allowing the Governor of the Bank of Canada to report regularly to parliament, say, every three months, when he could indicate what is to be the monetary stance of the Bank of Canada for the next ensuing period?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, perhaps I may correct the hon. gentleman. Parliament, under legislation governing the central bank, has given ultimate responsibility for monetary policy to the Minister of Finance. When the minister makes policy statements from time to time, they result from discussions between the Governor of the Bank of Canada and the Minister of Finance. I am not sure if it would be useful to initiate the periodic practice; certainly, it would be useful if the Governor were to appear regularly before the standing committee, to discuss the principles underlying the decisions taken from time to time on monetary policy.

STATEMENT OF GOVERNOR OF BANK OF CANADA ON
PERCENTAGE GROWTH IN MONEY SUPPLY—GOVERNMENT
POSITION

Mr. Sinclair Stevens (York-Simcoe): A supplementary question, Mr. Speaker. Is the minister aware that when the Governor of the Bank of Canada appeared before the Standing Committee on Finance, Trade and Economic Affairs he indicated that, according to his estimate, the proper monetary stance for Canada would be a growth in the money supply of not less than 10 per cent and not more than 15 per cent? If the minister is aware of this, does he agree with the Governor, bearing in mind that the suggested growth in our money supply is twice as large as the growth of the money supply in the United States, which is to be kept between 5 per cent and 7½ per cent?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, I suggest that if the hon. member opposes the Governor's point of view, he advocates for Canada a very strict monetary policy and, therefore, a very high rate of unemployment.

Mr. Stevens: Mr. Speaker, may I direct a final supplementary question to the Minister of Finance? Does the minister consider that a growth rate between 10 per cent and 15 per cent in our money supply which, incidentally, will be the highest rate of growth in the past 30 years after real economic growth is discounted, is acceptable? Second, how can he relate such growth to the government's announced restraint program?

Mr. Macdonald (Rosedale): Apparently the hon. member has not read attentively what the Governor said. The hon. member suggested that the figure would be 15 per cent, after real growth had been taken into account. The Governor made it clear that one of the elements included in the growth of the money supply would be the real growth rate. What is more, the Governor set it as an objective and said, in his testimony, that it would be below 15 per cent.

[Mr. Stevens.]

ENERGY

OIL—POSSIBLE TAKEOVER OF INDUSTRY BY PETRO-CANADA
TO INCREASE EXPLORATION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Since the National Energy Board report tabled yesterday shows that the oil companies are slowing their exploration programs, despite the substantially increased profits of the first nine months of this year, on top of their astronomical profits last year, is the government not convinced that the time has come for it to use Petro-Canada to take over a substantial segment of the western oil industry, for the purpose of expanding exploration and launching a secondary recovery program in the western oilfields?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think the hon. member has read more than the National Energy Board report when he suggests that there has been a slowdown of exploration in Canada. Dealing with the second proposition, that Petro-Canada should take over a substantial part of the oil industry, I assure the hon. member that my party does not stand for nationalization of the oil industry in Canada.

Some hon. Members: Hear, hear!

Mr. Gillespie: We believe that joint public and private enterprise can and will answer the need for Canadian exploration and development.

OIL AND GAS—REQUEST FOR ASSURANCE PRICE INCREASES
WILL BE WITHIN ANTI-INFLATION GUIDELINES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. As the minister is reported to have said at yesterday's press conference that the prices of oil and natural gas will probably rise after July 1 next, will the minister assure the House that any increase in price of domestically-produced oil or gas will be within the guidelines of the anti-inflation program?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): No, Mr. Speaker. It has been made clear a number of times that the hon. member and the House cannot expect that. Indeed, the white paper makes it clear that the oil industry is in a separate category. There may be some confusion between the hon. member and his leader as to whether we are talking about wellhead prices, or costs after the wellhead. I think the Minister of Finance made it clear in his answer this morning that the guidelines will apply after the wellhead.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask a final supplementary question? I do not think my leader and I ought to get together; I suggest that the Minister of Finance and the Minister of Energy, Mines and Resources ought to get together; if you put the two together, you will have one whole wit.

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I ask the minister, will the consumer price of oil and gas be