

Some hon. Members: Agreed.

Some hon. Members: No.

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[Translation]

THE CANADIAN ECONOMY

REQUEST THAT HOUSE EXPRESS ITS REGRET AT INCREASE IN BANK RATE—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with a question of pressing and urgent necessity.

In view of the fact that the Bank of Canada has recently announced that the discount rate would be raised from 10¼ per cent to 10¾ per cent, considering that it is the third raise in the past two months, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the House strongly disapprove that action of the Bank of Canada an effect of which among others will be to increase interest rates on mortgages to record levels, further impoverishing many Canadians and contributing to enrich our chartered banks.

Mr. Speaker: The House has heard the motion of the hon. member. Under the provisions of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Yes.

Some hon. Members: No.

ORAL QUESTION PERIOD

[English]

THE CANADIAN ECONOMY

GOVERNMENT POLICY ON VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, perhaps I can direct my question to the Prime Minister.

Governor Bouey, yesterday evening before a standing committee of this House, in defending his decision to raise the bank rate to 10.75 per cent, made it very clear that he felt we in Canada, were in a position where we must start defending the dollar at its present level. In fact, he went through the British scenario and said that now is the time to stop the guise, presumably, of allowing the dollar to fall any further. Will the Prime Minister indicate if, in fact, this means government policy has changed, that we do not necessarily have a floating dollar and, if it is floating, clearly in the future it will be anchored?

Oral Questions

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is a rule on the desirability and wisdom of commenting on proceedings of committees of this House. The rule makes a lot of sense, because it covers matters which have been raised partly in committee and are not within the knowledge of anyone who was not on the committee. Personally, I do not know exactly what Governor Bouey said. I can say, unequivocally, that government policy on the dollar will be announced by a minister and by the governor of the bank. Beyond saying this, I do not know what the governor said.

Mr. Stevens: Mr. Speaker, I note the Prime Minister said that government policy will be announced by a minister, presumably not necessarily the Minister of Finance, as we have found in the past. Would he comment on a statement made in the House yesterday by the Minister of Finance? It indicates clearly that we have now developed an economic policy in Canada where we appear to be a mere echo of the United States economy, and the Minister of Finance has stated that, with the balance of payments deficit in Canada, we have no choice but to make sure that the bank rate is higher than that in the United States.

● (1417)

Would the Prime Minister tell the House what policy has permitted the current account deficit to prevail for four years at roughly \$4 billion per year, when we were told repeatedly that the falling dollar itself would help cure that current account deficit?

Mr. Trudeau: Mr. Speaker, there is obviously some misunderstanding in the hon. member's mind. The dollar itself and the value of the dollar helps trade, visibly and invisibly, but it does not necessarily help the whole current account exchange situation. The flowing of capital movements is not directly related in the same sense as trade to the level of the dollar.

Mr. Stevens: Mr. Speaker, my final supplementary is to the Minister of Finance. Following the questions that I put to the Prime Minister in which I quoted the statement the Minister of Finance made yesterday, that there was virtually no alternative but to raise the bank rate to something above the American level as a result of Canada's current account deficit, would the Minister of Finance indicate to the House if he does not agree that a contributing factor to the objectionably high interest rate structure in this country is also his government's own deficits, the \$11.8 billion financial requirement that is anticipated for the present year?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have made some announcements that we are planning to reduce the deficit, and we have cut the expenditures, as outlined in the August exercise, to reduce it by a very substantial amount of money next year. I am glad that the hon. member does see a problem in the deficit of the government, because when I look—

Mr. Stevens: Forty billion dollars.