

*Oral Questions*

be based solely on unclassified information openly available.

● (1510)

I want to refer to one aspect of the letter which the hon. member was good enough to let me have—the letter which referred to classified information—and how that might be dealt with. I understand that this study, which is worldwide in scope and is dealing with new developments in transportation of a global character, will deal with some countries not as open as ours upon which the CIA may have classified information. If made available to the contractor, that information will have to be dealt with in the usually secure way.

**Mr. Beatty:** I ask the minister the following question. When he asked the Americans for a report on this particular matter, did he ask them specifically to explain the two sentences which appear on page 4, which read:

Using his available resources, the contractor will acquire technical information and develop a data base on free world developments in ground and air transportation technology. Prior to initiating such efforts a careful review of existing technical data sources including the collation of open literature must be made.

**Mr. MacEachen:** I am sorry, I did not hear the last phrase.

**Mr. Beatty:** The critical sentence reads:

Prior to initiating such efforts a careful review of existing technical data sources including the collation of open literature must be made.

In other words, they were to look at unclassified information first and, following that, further information was to be gained. That is what I infer from it.

**Mr. MacEachen:** The reference to Canada, as I understand it, while this study really has to do with the state of the transportation art throughout the world, is a reference to the technologically advanced industrial country which would be of some interest in that study. I may put my hon. friend's concern at rest by saying that in 1970 an agreement was reached between the then minister of transport, the present Minister of Regional Economic Expansion, and his counterpart in the United States, Mr. Volpe, which provided for considerable exchange of transportation technology between the two countries. I am led to believe, in fact I am reliably informed, that we know everything we want to know about their technology and they know everything they want to know about ours. So any kind of study is quite unnecessary.

**Mr. Hees:** They did not have much to learn.

**Mr. Beatty:** May I ask the minister two more questions? The first is: Where did the minister get his information? Did he simply accept the blandishments of the American embassy that they were not in fact spying on Canadian industry, or did he attempt to confirm that from his own sources? I also ask the minister: When the Americans informed the Canadians that they were not interested in Canadian technological developments, did he ask them to explain the specific reference to Canada which appears on page 4 of the contract solicitation, or the reference on page 5 stating that information was to be obtained about "each country identified as representing potential technological

[Mr. MacEachen.]

and/or economic threats to the U.S. position", or how Canada was excluded from the references on pages 3 and 4 to the obtaining of information on free world transportation technology?

**Mr. MacEachen:** I think the hon. gentleman should be made aware that this study is being carried out by the research and analytical side of the CIA, which is an entirely different operation. The references to Canada, as I have said, are in the context of a worldwide study examining the state of the transportation art, in which art Canada is regarded as having some technological advantages.

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**FINANCE****ACCURACY OF BUDGETARY FORECASTS**

**Mr. Sinclair Stevens (York-Simcoe):** Mr. Speaker, my question is for the Minister of Finance. Today the minister again stated that he anticipates the cash needs of the government to be greater than the \$3 billion he forecast in his budget for the fiscal year 1976. Does he believe the \$1 billion deficit forecast for budgetary transactions at that time will also be exceeded and, if so, by how much?

**Hon. John N. Turner (Minister of Finance):** Mr. Speaker, that will depend on the drawdown in the final two months of this year.

**Mr. Stevens:** In view of the minister's concessions yesterday and today that in fact the economy is performing more poorly than he anticipated when he brought in his November 18 budget, in particular with regard to unemployment, and in view of the fact that at the time the minister brought in his budget he stated that the situation might change and if it did he would not hesitate to recommend a change in direction, would the minister indicate why he still hesitates to do this in spite of his agreeing that changes are significant in our economy. Also, will he tell the House whether, while he hesitates, he has set up any special monitoring system to ensure that he knows first-hand the extent of the deterioration in the economy.

**Mr. Turner (Ottawa-Carleton):** The hon. gentleman has overstated the case. The reason I am looking at the situation closely without determining whether or not at the moment we should change course was stated by me in my reply to his leader yesterday. It is that, first, we want to examine the state of the stimulus introduced by the United States administration, now before the American Congress, and how that evolves and, second, that stimulus has already been injected into the Canadian economy effectively since January 1 in the form of reduced tax rates. After looking at both those factors we will decide at the earliest possible opportunity whether or not additional stimulus is needed.

**Mr. Stevens:** I have a final supplementary question for the Minister of Finance. Could he indicate specifically whether he has set up any special monitoring device to give him an early indication of the state of the economy, or is he relying simply on the advice of the group of seven?