

*Statement on Foreign Exchange***FINANCE**STATEMENT ON FOREIGN EXCHANGE
SITUATION

[Translation]

Mr. Speaker: While joining, on behalf of all hon. members, in the words of regret we have just heard at the passing of Hon. René Tremblay, may I speak very briefly about the man who for two years was associated with the functions of Speaker of the house and Chairman of the Committees. A loyal colleague and a wise adviser, a faithful worker of the first hour and the last, Maurice Rinfret gave himself completely to his parliamentary responsibilities. In the discharge of his duties in the chair, he set at all times and in all circumstances an unfailing example of impartiality and honesty. The house will remember Maurice Rinfret as a good and fair man.

[English]

PRIVILEGEMR. WINTERS—ALLEGED INACCURACY
IN NEWSPAPER REPORT

Hon. Robert Winters (Minister of Trade and Commerce): I rise on a question of privilege. On Friday, January 12, the *Toronto Daily Star* misquoted me in a headline as saying of the government that "it lacks integrity". Mr. Speaker, I said no such thing. In fact, I said nothing which could be considered as meaning that the government lacks integrity, fiscal or otherwise.

In replying to a question I said that whoever becomes the new leader must attach great importance to fiscal integrity—the fiscal soundness of the country as a whole. In this, of course, the role of the federal government is just one part of the national fiscal structure. I was speaking of the country, not of the government, and in any event I did not say anything which would justify the attribution to me of a quotation such as that which appeared in the newspaper.

Some hon. Members: Hear, hear.

**FINANCE, TRADE AND ECONOMIC
AFFAIRS**CONCURRENCE IN EIGHTH REPORT
OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West) presented the eighth report of the standing committee on finance, trade and economic affairs and moved that the report be concurred in.

Motion agreed to.

[Editor's Note: For text of report see *Votes and Proceedings*.]

Hon. Mitchell Sharp (Minister of Finance): I should like to make a brief statement on the foreign exchange situation and table a press announcement made during the week end.

During the ten days preceding this week end there have been abnormally large sales of Canadian dollars in the foreign exchange markets, and we have had to meet these demands by sales of United States dollars from our reserves. This has been evident to those in the market and has been reported in the press.

This selling pressure resulted in part from widespread nervousness in international financial circles about currencies generally following the devaluation of sterling and the abnormal demands for gold. More immediately, however, it appears to have resulted in part from highly exaggerated fears of the effects on Canada of the United States balance of payments regulations, and misunderstanding of the intention of the United States authorities in that regard. In order to clarify this situation, we discussed it with the Secretary of the Treasury and his officers during the week end and they have issued a statement on the matter which has been reported in the press, and a copy of which I wish to table.

Mr. Speaker: Has the hon. minister permission to table this document?

Some hon. Members: Agreed.

Mr. Sharp: On our side the Governor of the Bank of Canada, following discussions with the chartered banks, issued a statement last night saying it had been agreed that the banks would discourage the use of bank credit to facilitate abnormal transfers of funds abroad by Canadian subsidiaries of foreign companies and would also discourage the use of bank credit by such companies to meet requirements in Canada which in the past have normally been met by parent companies. These discussions with the banks were undertaken by the governor after he and I had discussed the matter and agreed that such action was desirable.

The governor also increased the bank rate yesterday from 6 per cent to 7 per cent in the light of recent developments in the exchange market. He had consulted me as usual before taking this action. I believe this move was