

instances, of 75 per cent. Negotiations will take place with them the same as that took place between them and our big neighbour to the south, which had the effect of taking the subsidies off their cheese coming into the U.S.A. Even if we were to eliminate completely the 50 million pounds of imported cheese into Canada it would not nearly solve the problem.

#### FLUID MILK—POSSIBILITY OF RE-INSTITUTING SUBSIDY

**Mr. Lorne Nystrom (Yorkton-Melville):** Mr. Speaker, I have a supplementary for the minister on another subject. Can he say whether or not he has had any problems persuading his cabinet colleagues to re-institute the five cents per quart consumer subsidy on milk in order to try to bring up the consumption of milk in this country.

**Hon. E. F. Whelan (Minister of Agriculture):** Well, Mr. Speaker, in some of the provinces which have put on an advertising campaign, the consumption is back up where it was before, because it is still the cheapest bottle of anything you want to buy and it has more food value so far as that goes. I have not even proposed that they put back the subsidy because we are subsidizing skim milk powder to the tune of 34 cents a pound. Consumption of it has gone up over 11 per cent in the last year in Canada. There are adequate supplies on the shelves for anyone who wants to buy it at reasonable prices.

\* \* \*

#### AIR TRANSPORT

##### PROPOSAL THAT CONCORDE LAND AT NIAGARA FALLS, NEW YORK—REQUEST FOR ACTION TO PROTECT CANADIAN ENVIRONMENT

**Mr. Roger Young (Niagara Falls):** Mr. Speaker, my question is for the Minister of Transport. In view of the proposal and invitation of the Mayor of the City of Niagara Falls, New York, to have the Concorde aircraft land at their local airport, and in view of the fact that any such landings and take-offs may very well have to overfly Canadian territory, would the minister undertake to consult with the Minister of the Environment to ensure that such flights will not cause any serious environmental impact upon the very scenic area along the Canadian border; and would he also undertake to ensure that applicable Canadian flight regulations are made sufficient to protect local residents from any increased noise and air traffic levels.

**Hon. Otto E. Lang (Minister of Transport):** Mr. Speaker, of course our ordinary rules would apply and at the present time that includes the requirement that flights of this sort would be at sub-sonic rather than super-sonic speeds. We have not had to face the specific question of whether any variations on these rules would be required or reasonable.

#### Oral Questions

● (1450)

#### FINANCE

##### EFFECT ON TRADE OF RELATIONSHIPS BETWEEN CANADIAN AND UNITED STATES DOLLARS

**Mr. Sinclair Stevens (York-Simcoe):** Mr. Speaker, my question is for the Minister of Finance. With the Canadian dollar now above par in relation to the United States dollar, would the minister indicate if he feels this is aggravating our trade deficit, bearing in mind that exports become much dearer and imports become much cheaper in the country? If he does feel it is aggravating our trade imbalance, does he see the Canadian dollar falling in relation to the United States dollar in the next few months?

**Hon. Donald S. Macdonald (Minister of Finance):** Mr. Speaker, I would say that in the short run there has not been a negative effect on Canadian exports, although I would have to acknowledge that over a period of time our competitive position could be adversely affected. The remedy available to the Bank of Canada in order to reduce the external value of the Canadian dollar would be substantially confined to a very great increase in the money supply, and for reasons previously set out in the House, we propose not to follow that course. We will, however, be watching the external value of the dollar very closely, reflecting as it does the very high degree of foreign investment in Canada.

##### POSSIBILITY OF LOWERING OF INTEREST RATES—MINISTER'S POSITION

**Mr. Sinclair Stevens (York-Simcoe):** In relation to the foreign borrowing in this country, the massive borrowing of some \$4.7 billion last year which was attracted largely by high interest rates, 2 per cent to 3 per cent higher than in most countries, would the minister indicate if he foresees a lowering of Canadian interest rates in the next few months?

**Hon. Donald S. Macdonald (Minister of Finance):** I think the interest rate in Canada in relation to the interest rate in the United States reflects substantially the difference in the inflation rates between the two countries. The best prospect for bringing down interest rates in Canada is the success of the controls program.

\* \* \*

#### INCOME TAX

##### TAX AVOIDANCE BY MULTINATIONAL COMPANIES—CANADIAN REPRESENTATION AT MEETING OF INTER AMERICA CENTRE OF TAX ADMINISTRATION

**Mr. Lloyd R. Crouse (South Shore):** Mr. Speaker, I wish to direct my question to the Minister of National Revenue. It is related to a question which was asked him on Friday. Multinational firms have set up foreign subsidiaries and then diverted income out of Canada to lessen their tax liabilities, and according to the Auditor General, the practice is costing Canada hundreds of millions of dollars annually. Is the Department of National Revenue taking any steps to limit this type of tax avoidance by arranging a