Inquiries of the Ministry

[*English*]

FINANCE

INCREASE IN BANK RATE—REQUEST FOR REFERENCE TO STANDING COMMITTEE

Mr. David Lewis (York South): Mr. Speaker, even though the Minister of Finance is not here there is a question that I should like to address to the Acting Prime Minister. In view of the widespread effect on higher loan and mortgage interest rates that is bound to result from the increase in the bank rate from 6½ to 7 per cent, may I ask the Acting Prime Minister whether this step was taken with the approval of the government, after consultation with the Minister of Finance and other ministers?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, I think the hon. gentleman is aware that these decisions are made by the Governor of the Bank of Canada. If, of course, the government had any reason to disagree, this would be indicated.

Mr. Lewis: A supplementary question, Mr. Speaker. In view of the effect of this important step, may I ask the Acting Prime Minister whether the government will take the necessary steps to refer the matter of the increase in the bank rate, and the tightening money policy resulting therefrom, to the Standing Committee on Finance, Trade and Economic Affairs so that the Governor of the Bank of Canada may be called to give evidence on the subject?

Mr. Sharp: Mr. Speaker, I would think that this is a subject that could be discussed generally when the estimates of the Department of Finance are before the committee. I do not think the government would be disposed to make a particular reference on this question.

Mr. Lewis: A further supplementary question. In view of the fact that the Governor of the Bank of Canada could not come here to express his views and give his reasons for the increase in the bank rate, would this cause the government to reconsider, and to have the standing committee deal with the matter so that the Governor of the Bank of Canada could explain the policies involved and also the objective of this increase in the bank rate?

Mr. Sharp: Mr. Speaker, I will be very happy to talk to the Governor of the Bank of Canada, so that he is available when required for this purpose; but I repeat what I said before, that it would not be the intention of

[Mr. Pelletier.]

the government to refer this specific matter to the committee.

Hon. Marcel Lambert (Edmonton West): A supplementary question, Mr. Speaker. Since the minister feels that there would be difficulty in discussing this matter with the Governor of the Bank of Canada when the Department of Finance estimates are before the committee, would the government refer to the committee the annual report of the Bank of Canada and enable us to discuss these matters in committee?

Mr. Sharp: I think that the committee could deal with this question on many bases; I do not think there would be any difficulty whatever. Therefore I see no reason for any special action on the part of the government at the present time.

[*Translation*]

APPLICATION OF INCREASED RATE TO SALARY OF GOVERNOR

Mr. Bernard Dumont (Frontenac): Mr. Speaker, in view of the answers we were given, I ask the minister whether the interest rate was increased in order to raise Mr. Rasminsky's salary from $50,000 to $75,000 a year?

At ten o'clock, Mr. Speaker.

[*English*]

OIL

CANADA-U.S. NEGOTIATIONS RESPECTING DISCOVERIES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I had hoped to ask this question of the Minister of Trade and Commerce but I will address it to the Secretary of State for External Affairs. I wish to refer to something that was proposed by the Canadian ambassador on behalf of the Canadian government.

In view of the letter dated September 25, 1967, which was tabled in the house, covering negotiations between Canada and the United States of America, have there been any negotiations since that date, particularly in light of the Prudhoe Bay discovery and other discoveries in the north?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker; there have been no direct negotiations between Canadian and United States governments