

(For text of Proclamation, see Appendix "A", p. 57.)

● (1410)

BUSINESS OF THE SENATE

ADJOURNMENT

Senator Roblin: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, October 16, 1979, at 8 o'clock in the evening.

Motion agreed to.

QUESTION PERIOD

BANK OF CANADA

ALLEGED INSTRUCTIONS TO GOVERNOR

Senator Perrault: Honourable senators, I should like to direct a question to the minister described on page 19 of Senate *Hansard* of yesterday as the "minister with the responsibility of directing economic development generally." It has been reported this morning by the broadcast media that Mr. Gerald Bouey, Governor of the Bank of Canada, has stated that he will resign from his office if ordered by the government to reduce the Bank of Canada interest rate. Will the minister now advise whether the government has issued instructions that the Governor of the Bank of Canada shall reduce the bank rate?

● (1415)

Senator de Cotret: Honourable senators, I should like to make one point of clarification. In terms of the current title assigned to my responsibilities in the cabinet, I am Minister of State for Economic Development. I am not the minister responsible for the general economic development of this country, although I certainly hope to make the maximum contribution I can.

Senator Olson: What does the term mean?

Senator de Cotret: To answer your specific question, I think that Governor Bouey has repeated a position that he has taken on a number of occasions, and I would only reiterate that there is certainly no intention on the part of our government to ask the governor to reduce or roll back the increase in interest rates that he announced yesterday.

Honourable senators, I take this opportunity to answer several questions asked yesterday by senators opposite.

Senator Perrault: May I pursue the subject before the honourable minister gets into other areas, which we shall certainly welcome shortly.

I must say that I think we all appreciate the clarifying statement made by the minister that he is not in fact directing the economic development of the country—a statement made yesterday by his leader.

Senator Flynn: I disagree.

Senator Perrault: However, I think the opposition felt that as there had been no correction in the official record of the Senate, perhaps it was an accurate appellation.

Mr. Minister, has the government received such an ultimatum from Mr. Bouey either verbally or written? Has any communication been received from Mr. Bouey? The minister has stated there will be no direction issued to Mr. Bouey that those interest rates should be rolled back. In turn, however, has Mr. Bouey provided the government with any of his views with respect to the matter?

Senator de Cotret: Certainly not to my knowledge.

Senator Steuart: Perhaps I may follow this up, and direct a question to the Leader of the Government, Senator Flynn. In view of the statement made this morning on the television program "Canada AM" by Alvin Hamilton, a member of Parliament and a minister in the last Diefenbaker government—

Senator Asselin: That's a long time ago.

Senator Buckwold: We can hardly remember.

Senator Steuart: Alvin is from a long time back but he is still very active—to your embarrassment, I am sure. He made the statement that the action of Governor Bouey in raising the interest rate was not Conservative policy.

Would the leader, on behalf of the government, either endorse this statement by Mr. Hamilton or disassociate himself from it?

Senator Flynn: Mr. Hamilton speaks for himself.

Senator Steuart: Since Mr. Hamilton—and possibly Senator Flynn too—was one of the architects of the Coyne affair of a few years ago, would Senator Flynn comment on the suggestion that this is the beginning of another Coyne affair, to try once more to remove a Governor of the Bank of Canada from office?

Senator Flynn: I am not sure. It would seem to be the wish of the other side. It could be. But it is not the wish of the government.

Senator Steuart: You had better straighten Mr. Hamilton out.

Senator Buckwold: That is the other side of the coin.

Senator de Cotret: I am sure the author will want attribution for that.

THE ECONOMY

INCREASE IN BANK RATE

Senator de Cotret: Honourable senators, if I may, I should like to respond to some of the questions raised on this topic and other topics yesterday for which I had agreed to consult my colleagues and report back today.

First, with reference to Senator Perrault's question concerning "personal doubts," which the Minister of Finance might