

Oral Questions

industry, especially as far as nickel, copper, zinc and iron ore is concerned, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That the government immediately convene a summit meeting on the condition of the mining industry, to anticipate with the provinces, companies and unions the steps to be taken during the next few months to avoid a deterioration of the mining sector and make it more competitive on international markets.

Mr. Speaker: The presentation of any such motion for discussion, pursuant to Standing Order 43, can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[English]

FINANCE

LEVEL AT WHICH CANADIAN DOLLAR WILL BE STABILIZED—
REASON BANK OF CANADA SOUGHT LINE OF CREDIT

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. It concerns the fact that the central Bank of Canada has gone to the commercial banks to borrow a new line of credit of \$1.5 billion to help support the Canadian dollar. Probably this is the first time in history that the bank of last resort has gone to commercial banks for support. At what price does the government intend to stabilize the Canadian dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I have said before, the Canadian dollar is a floating dollar and we intend to carry on that policy.

Some hon. Members: A sinking dollar.

Mr. Gillies: Mr. Speaker, my supplementary question is for the Minister of Finance. Can he tell the House why, if the dollar is going to float, it was essential for the central Bank of Canada to get a \$1.5 billion line of credit from commercial banks? Is it the position of the government that our exchange reserves have sunk to such a level that they have to go to other sources for lines of credit in order to maintain the policies they are now following?

[Translation]

Mr. Chrétien: Mr. Speaker, as everybody knows, our exchange reserves have substantially decreased since the beginning of this year. That is why the government thought advisable to show that the Canadian dollar was backed by considerable resources. We did not have trouble getting this line of credit of \$1.5 billion from the Canadian banking community, which proves that the Canadian dollar is in good

[Mr. La Salle.]

position and that we have sufficient reserves to avoid unwarranted speculation on the Canadian dollar.

[English]

Mr. Gillies: Mr. Speaker, I have a final supplementary question. The Minister of Finance has a most inexplicable change of logic to try to suggest that the Canadian dollar is in good condition, when it is necessary to have a line of credit of \$1.5 billion from the private banking community to support it.

Are other negotiations going on with central banks in other countries, as allowable under International Monetary Fund agreements, for a line of credit for the Canadian dollar? Associated with that, what did the Canadian government have to pay the commercial banks for the line of credit?

[Translation]

Mr. Chrétien: Mr. Speaker, these conditions will be specified as soon as the contract will be determined. I will give more information to the House at that time. Meanwhile, I think that the rates which have been negotiated are very satisfactory.

[English]

DIRECT CANADIAN INVESTMENT IN UNITED STATES—
GOVERNMENT ACTION TO REVERSE TREND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a supplementary question for the Minister of Finance. The president of the Toronto-Dominion Bank pointed out yesterday that the Canadian dollar has had the effect of a 25 per cent devaluation as against the West German mark and Japanese yen. The figures indicate that in 1976, for the first year since 1939, there was a net outflow of direct investment funds from Canada and that last year the direct Canadian investment in the United States increased by \$510 million. What steps is the minister taking to try to reverse this trend?

● (1117)

Hon. Jean Chrétien (Minister of Finance): I do not have anything to add to what I said in the House of Commons in my statement Thursday night.

Mr. Crosbie: Canada is now joining Italy, the United Kingdom and even Zambia as a weak currency nation. Would the minister indicate to the House whether he is seeking advice from the United Kingdom or from the government of Zambia on how to act in this situation?

Some hon. Members: Oh, oh!

Mr. Chrétien: One thing is sure, I am not about to ask advice from the former minister of finance for the province of Newfoundland.

An hon. Member: There go three of your Newfoundland seats.

Some hon. Members: Oh, oh!