

it was felt that this work could best be done through one of these contracts in the private sector.

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THE CANADIAN ECONOMY

GOVERNMENT'S PRIOR KNOWLEDGE OF MOST RECENT INCREASE IN BANK RATE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, listening to the Minister of Finance speak about the recent increase in interest rates resulting only in a temporary slow-up, I would remind him that we have heard the same story from successive ministers of finance for four long years.

My question is simply this: in view of the fact that apparently the government had nothing to do with the increase and it was purely a decision of the Bank of Canada, when did the Minister of Finance and other ministers of the government become aware that this last increase was going to be made? It can only have the effect of slowing development almost to a stop in production, particularly of new industries and the like. When did he find out?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said it is a decision of the governor of the Bank of Canada and that he discussed it with me and I did not disagree. It is the law of the land that was passed some years ago, and I think the right hon. member was associated with the device, that he has to consult with the minister of finance.

I said he has consulted with me. We discussed it on Friday, we discussed it on Saturday, and the final decision was made yesterday, Sunday. I was well aware of it. I just said that he made a recommendation to me that I accepted, so I was quite aware. I did not want to wash my hands of it; I just wanted to explain that it is the governor of the bank who makes the recommendation and I can disagree if I want. I did not disagree.

Mr. Diefenbaker: Mr. Speaker, the minister became aware because the Minister of Industry, Trade and Commerce showed an unusual capacity for prophecy and prescience when he announced the increase in advance. I thought I ought to direct the minister's attention to that. Apparently nobody knew anything about it but the Minister of Industry, Trade and Commerce, and the Minister of Finance. I would also point out to the minister that following the revelation of the Minister of Industry, Trade and Commerce, it began to look as if the Prime Minister had him on waivers.

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FORESTRY

PETAWAWA STATION—REASON FOR TRANSFER OF STAFF

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of State (Environment) and concerns his decision not to close the Petawawa forestry centre,

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but to reduce its staff by 20, and to transfer half the staff of the Forest Fire Research Institute and the Forest Management Institute from Ottawa to Petawawa and lay off the other 50 employees at the Ottawa centres.

● (1442)

Can the minister explain the scientific rationale behind this decision, after repeated government studies have shown that their location is more effective in Ottawa because of their access to advanced technology here?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, that is not the advice I am getting. If the hon. member has some papers which support him in this rationale, I would like to see them. My advisers have indicated to me that this move of the Forest Management Institute and the Forest Fire Research Institute will be a very good one. It will be good for those two institutes and good for Petawawa. It will, in fact, make Petawawa one of the most important forestry research centres in the country.

Mr. Symes: The minister's answer confirms that he has not been receiving the studies from the Canadian Forestry Institute which have shown exactly the opposite of what he claims, that indeed these cutbacks are irrational and are destroying the forestry service.

My supplementary question is this: the minister has announced that the government will save \$3.3 million by turning over its only two wood products' research laboratories to private industry. Given the fact that any financial support given by private companies will be tax deductible and, therefore, the net saving to the government will only be \$800,000 and not \$3.3 million, does the minister still maintain that this minimal saving is more important than preserving the impartiality, independence and national focus that only government laboratories can provide?

Mr. Marchand: Mr. Speaker, it just happens that I met at noon today with the Canadian Forestry Advisory Council, which is made up of representatives of the provincial governments, industry and universities. As they reminded me, privatization of these two particular labs was one of the recommendations made in 1973. Therefore, there is a large body of opinion which very much supports the privatization of these two particular forestry products laboratories. One of the things we will do is maintain the independence and objectivity of these labs. We will, in fact, strengthen these two labs by having participation of the private industry and, I hope, the provincial governments in them.

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IMMIGRATION

REQUEST FOR SPECIAL MEASURES TO ASSIST EUROPEANS WISHING TO IMMIGRATE TO CANADA

Mr. Yuri Shymko (Parkdale): Mr. Speaker, I would like to direct my question to the Minister of Employment and Immi-