

caught in a cost-price squeeze and it seems that the government can do nothing about it. During the last three years the government has been talking about assisting the agricultural industry but it has done little or nothing to help. Let me congratulate the Minister of Agriculture for assisting the dairy farmer, but I must say that the assistance has been too small.

The government has frittered away huge sums in empty gestures which have been of very little assistance to the farmer, the businessman or the taxpayer. The government has allowed our productivity to diminish. It is no wonder that the financial world has very little confidence in this government which is so moribund and so lost to responsibility it cannot keep its feet on the ground or its eyes on the national economy.

Mr. Sharp: Mr. Chairman, I should like to ask the committee to rise and report progress in order that the house may revert to motions. At that time I should like to make an important announcement.

Progress reported.

FINANCE

EXEMPTION OF CANADA FROM U.S. BALANCE OF PAYMENTS MEASURES—PROVISION OF STAND-BY CREDITS

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to ask the house to revert to motions.

Mr. Deputy Speaker: Does the house give unanimous consent to the minister's request to revert to motions?

Some hon. Members: Agreed.

Mr. Sharp: Mr. Speaker, I should like to table two documents and make an important announcement. The first document consists of an exchange of letters made today between the hon. Henry Fowler, secretary of the treasury in Washington, and myself concerning the application to Canada of the United States balance of payments measures.

Mr. Deputy Speaker: Does the house give unanimous consent to the minister to table these documents?

Some hon. Members: Agreed.

Mr. Sharp: The effect of this exchange is that Canada is now completely exempted from the operation of the balance of payments program of the United States affecting

Exemption of Payments from U.S. Balance
capital flow. I refer specifically to the measures affecting direct investment that are administered by the department of commerce and the programs administered by the federal reserve system. Our exemption from the interest equalization tax on new issues remains intact.

Freedom from these major United States programs achieves a goal toward which we have been working for a long time. Moreover, it does so without in any way impairing our independence of action.

● (5:00 p.m.)

The Canadian government on its side has felt that these steps by the United States should be matched by further reciprocal helpful steps on the Canadian side. To ensure that the United States balance of payments position is in no way impaired as a result of the United States action, the Canadian government has said that it is its intention to take any steps necessary to ensure that the exemption from the United States program does not result in Canada being used as a "pass-through" by which the purpose of the United States balance of payments program is frustrated.

In my letter I go on to say that it is also our intention to invest our entire holdings of United States dollars, apart from necessary working balances, in United States government securities which do not constitute a liquid claim on the United States, with, of course, effective safeguards to our position should our reserve level require. At the present time these exchange reserves are invested in marketable United States government securities. I have no doubt these undertakings are in the interests of both countries and in the general interest internationally.

The second announcement I am making today is that arrangements have now been made for an additional \$900 million United States in stand-by credits to be available to supplement Canada's foreign exchange reserves. Of this amount \$500 million United States will be made available by the United States Export-Import Bank to the government of Canada. The other \$400 million United States will be made available to the Bank of Canada by the central banks of Germany and Italy and the Bank for International Settlements.

I wish to express the appreciation of the government for the action of the United States authorities and the three banks in Europe in arranging these credit facilities. I am sure that the house will recognize the