

deceitful organization be not supported with taxes paid by Canadians who are the victims of its plots and its betrayal.

Mr. Speaker: Order. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[English]

THE CANADIAN ECONOMY

OUTFLOW OF U.S. DOLLAR RESERVES—ACTION TO RECTIFY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, today's published figures show that with respect to our United States dollar reserves there has been an exodus of \$715 million. If we couple that with the outflow in January of \$200 million, it represents an outflow of over \$900 million. Another \$45 million has been lost in the last two days. Over 40 per cent of our United States reserves have gone out of this country in roughly two months. Would the Minister of Finance indicate whether this is usual? Is this the ordinary type of market behaviour the minister has been talking about?

● (1417)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the month of February was particularly difficult; that is why we had to intervene. It is the reason we announced we will be borrowing on the United States market very soon in order to have more reserves on hand. I have nothing to add to that, Mr. Speaker.

Mr. Stevens: A supplementary question, Mr. Speaker. We recall that last week the minister said they did not intend to intervene: now he has indicated they have been intervening. There is obviously a large exodus of U.S. dollar reserves, which indicates the government has been caught with an unexpected outgo of United States funds. Would the minister indicate the nature of this outgo and why it occurred during the month of February. Has the government made any assessment of what relatively short-term calls could be made on U.S. dollar reserves in Canada in March or the coming months?

Mr. Chrétien: Mr. Speaker, I have said—and I repeat—that the governor of the Bank of Canada intervened to make sure that there is an orderly market. It was in the course of that policy that we intervened last month. As I have already indicated, we have made use of the facility that was organized last fall, to the tune of \$200 million, and we plan to borrow some U.S. dollars later on. The intervention of the governor is always to make sure that the market operates in an orderly

Oral Questions

fashion and to diminish speculation as much as possible. This is why he had to intervene last month.

Mr. Stevens: A final supplementary question, Mr. Speaker; and I thank the minister for that answer. Speaking about an orderly market, with the Canadian interest rate now at 8¼ per cent and the United States interest rate at 8 per cent, and likely to go to 9 per cent, would the minister indicate if he anticipates he will be able to hold the Canadian interest rate structure at 8¼ per cent, bearing in mind the orderly market he is referring to with respect to our foreign exchange?

[Translation]

Mr. Chrétien: Mr. Speaker, the monetary policy is established by the governor of the Bank of Canada and I have no announcement to make in that regard. I would also like to point out that the interest rates set by the governor remains the same.

[English]

AMOUNT OF FOREIGN EXCHANGE REQUIRED TO COUNTERACT OUTFLOW OF U.S. DOLLARS

Mr. James Gillies (Don Valley): Mr. Speaker, my supplementary question is also for the Minister of Finance. Given the fact that we have lost 40 per cent of our United States reserves, could the minister tell the House the government's position with respect to the amount necessary in order to have adequate reserves in the foreign exchange stabilization account against U.S. dollars?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is not useful to speculate on that sort of thing.

Mr. Gillies: A further supplementary question, Mr. Speaker. I asked that question of the Minister of Finance because the reality of the situation is that the last time the reserves were down was 1967, when they were running about 12 per cent of the total volume of our trade. Today, our reserves are running about 4.5 per cent of the total volume of our trade. I wonder if the government has any position on what those reserves ought to be because if they go to the norm they will have to acquire something like \$5 billion. What program does the government have in mind for acquiring that sort of support?

Mr. Chrétien: Mr. Speaker, I have said many times that I do not want to speculate on these things in the House of Commons. It is not useful, because we operate in a marketplace. I said what I had to say. I established a policy last week with the governor of the bank, and I have made that public to the House of Commons. I do not intend to elaborate on these items.

Mr. Gillies: A final supplementary question, Mr. Speaker. May I ask the minister why he believes that not giving very specific answers to questions such as we have put forth today eliminates speculation? I would suggest that by being so