

## Questions

INVESTIGATION OF REGIONAL  
MONETARY POLICYQuestion No. 1,917—**Mr. Broadbent:**

1. Is the Department of Regional Economic Expansion or the Department of Finance or the Bank of Canada investigating the question of regional monetary policy in Canada and, if not, for what reason?

2. If so, what specific research projects have been undertaken and when are they expected to be completed?

**Hon. E. J. Benson (Minister of Finance):**

1. The Bank of Canada has investigated the question of regional monetary policy in Canada over a lengthy period commencing with its establishment in 1935 and its conclusion on this question has been indicated on a number of occasions over the years, in particular in the Bank's annual reports, in evidence to the Royal Commission on Banking and Finance and to the House Committee on Trade, Finance and Economic Affairs and in speeches by the Governor. The Bank's conclusion, and that of the Royal Commission on Banking and Finance, has been that it is not possible to have a different monetary policy in different parts of an area which has a common currency, a unified banking system and a unified capital market. Problems of different rates of economic activity in different regions were considered to be dealt with more appropriately by specific measures.

In the study "Economic Development and the Atlantic Provinces" sponsored by the Atlantic Provinces Research Board, Professor A. K. Cairncross concluded that:

"if monetary measures are to be used in future to regulate activity throughout Canada, it will be desirable to supplement these measures by more selective instruments of control designed to procure a more even pressure of demand in the various parts of the country;

These instruments of control might include: (a) pressure on the commercial banks to exempt selected areas from the full force of credit rationing; (b) the freer provision of mortgage funds through the Central Mortgage and Housing Corporation or in other ways, in under-employed areas where there is an unsatisfied demand for new houses; (c) increased disbursement by the federal government either in public works or through higher grants-in-aid;

Monetary policy is not an appropriate means of dealing with the long-term problems involved in differential rates of growth in different parts of Canada."

[Mr. Jamieson.]

A variety of fiscal and other economic measures, including those referred to by the Cairncross Study, have been instituted to deal on a selective basis with regional economic disparities.

2. Answered by 1.

INDUSTRY MODERNIZATION LOANS  
TO COMPANYQuestion No. 1,919—**Mr. Saltsman:**

1. What is the name of the company referred to in the Auditor-General's report that received \$457,000 in federal industry modernization loans?

2. During which fiscal years, what were the respective amounts which the above company received in loans from the government?

3. When was the Crown-owned foundry at Haley Station near Renfrew sold to the company for \$165,000?

4. Was this foundry sold under competitive tendering and, if not, for what reason?

5. If so, what were the names of the other companies bidding and their respective amounts?

**Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council):** I am informed by the Department of Industry, Trade and Commerce and the Department of Supply and Services as follows:

1. The name of the company referred to in the Auditor General's report is Haley Industries Limited, Haley, Ontario.

2. In 1969 Haley Industries Limited was awarded a contract for capital assistance support for production equipment under the Industry Modernization for Defence Exports Program valued at \$457,000. Under this program 50 per cent of the acquisition cost of the equipment is provided in the form of a grant and the remainder in the form of an advance repayable over a five year period. Total payments to date are as follows: FY 1968/69, \$252,243.32; FY 1969/70, \$127,865.73.

3. The Crown-owned foundry at Haley Station near Renfrew was sold to Bartaco Industries Limited of Orillia, Ontario, in December 1967.

4. The Foundry was not sold under competitive tender. As explained by the Minister of Industry on March 19, 1968, at page 7819 of *Hansard*, the Department of Defence Production solicited 28 companies in both Canada and the United States with the result that only one firm showed sufficient interest to make a definitive offer. To achieve its objective of finding a buyer who would continue the Foundry operation, the Department's inquiries to the prospective buyers were kept on a confidential basis to minimize the possibility