

# HOUSE OF COMMONS

Monday, September 20, 1971

The House met at 2 p.m.

## ROUTINE PROCEEDINGS

### TRADE

#### REPORT BY MINISTER OF FINANCE ON GROUP OF TEN MEETING—TABLING OF COMMUNIQUÉ AND STATEMENT OF CANADIAN POSITION

**Hon. E. J. Benson (Minister of Finance):** Mr. Speaker, I would like to make a brief report to the House on the meeting in London last Wednesday and Thursday of ministers and governors of the Group of Ten.

I wish to table copies in English and French of the communiqué issued by the Group of Ten and of my statement of the Canadian position.

This was the first opportunity for ministers to examine the world monetary situation in light of the program announced on August 15 by President Nixon to correct the very serious balance of payments deficit of the United States.

All ministers recognized that a fundamental disequilibrium exists in world payments and that action on a wide front will be necessary to deal with it. We have all come away from the meeting with a much clearer understanding of positions. All of us appreciate that difficult work lies ahead, and nobody expected overnight solutions. As far as I am aware, the world has never been faced by a financial and economic negotiation of such complexity and sensitivity. The plain fact is that differences of opinion have emerged among leading nations as to the order of priorities for the major policy adjustments that are necessary. It will take time for governments to decide on such actions in light of the positions of every other government. In the meantime important work will proceed in Working Party Three of the Economic Policy Committee of the Organization for Economic Co-operation and Development, as well as among the deputies of the Group of Ten. The ministers and governors will meet again on September 26 in Washington, in advance of the annual meeting of the International Monetary Fund.

In my remarks to the meeting as Minister of Finance of Canada I emphasized the urgency of the situation and the need to grapple positively with the issues involved. I stated frankly that the most important steps of the United States—the surcharge, the investment tax credit and the so-called DISC proposal—are protectionist in nature. They represent a departure from traditional American policies. I suggested that action is long overdue to dismantle protectionist policies on the part of Europe and Japan that have hindered the process of adjustment and that have too often been directed at U.S. products. I said that

immediate adjustments would be assisted if the U.S. could make a more precise statement of essential preconditions for the removal of the surcharge.

Canada recognizes that the payments position of the United States will be corrected, one way or another. We have suggested that the real issue is the way in which the correction will occur. We hope it will occur in an environment of continued economic expansion in the world. We hope it will not occur through an unravelling of the freer trade arrangements secured in the last quarter century. We must act together in constructive ways before such a pattern of restriction sets in.

• (2:10 p.m.)

No country has more at stake in these matters than Canada. We intend to participate actively and responsibly in these discussions and provide leadership wherever we can.

**Hon. Robert L. Stanfield (Leader of the Opposition):** Mr. Speaker, I should like to welcome the Minister of Finance (Mr. Benson) back to Canada and to the House of Commons. There was a little concern that he might not be allowed to return, that his services might be required to deal with these financial and economic negotiations of such complexity and sensitivity.

I do not intend to speak at any length, Mr. Speaker. I think the minister will agree with me that we have already read in the press just about everything that he said in the House today. We understood that there were no solutions. We recognize, as he pointed out, that a good deal of time will be required to work out some of these difficulties. We understood, too, that there were fundamental differences of opinion among some of the important countries and blocs attending the conference. We agree that it would be helpful if the United States were to state its preconditions for the removal of the surcharge a little more precisely. However, I gather from the minister's statement that the United States is not yet prepared to do so.

The minister has confirmed the press reports of what he said at the meeting about the positions of other countries. We can agree with his expression of opinion about the protectionist aspect of the move taken by the United States. He also expressed his opinion about what the European Common Market and Japan should do. However, I think it would have been more helpful to the House and the country if the minister had told us what measures, if any, the other countries have suggested that Canada should take. This has not been disclosed and I suggest it is very important.

There were rumours, for example, that the IMF had suggested that we should peg our dollar well above that of the United States. The minister has not told us whether other countries, the United States, for example, are insisting that Canada should move in any particular direction.