

Finance

abandon its fixed exchange rate and adopt a completely floating exchange rate. Let me say to the hon. member for Edmonton West that unless I am mistaken—and I may well be—this would not hurt anybody. With whom is Canada competing? Who are we helping by adopting a pegged exchange rate? What is it we are helping to do? All that would happen if we removed the exchange peg from the Canadian dollar would be that the reserves we must now hold could be used by someone else, by some other country which might need them. The total amount of the international reserves would remain unchanged. Instead of worrying about keeping Canada's reserves at a certain level to back our pegged dollar, we could allow the dollar to reach its own level in line with the condition of the market and international trade flow. We need no longer worry about reserves, except, of course, within certain limits. No country would want to be entirely without some reserves for the support of its currency.

Action along these lines would not only protect our own situation in the international market but it would serve as an example to other countries to get away from the orthodox deification of certain rates being set down and adhered to as though they were symbols of some kind of religion whereas in reality they are part, as I have indicated, of some kind of straitjacket which is of no value to the people of the world and which is of value only to the large corporations and speculators.

No doubt this bill will go to the committee and emerge with whatever improvements the committee can make. The additional reserves will become available and for a short time this exercise will reduce the possibility of international crises occurring on one form or another, for a short time. But, Mr. Speaker, the point of my contention—and this is why I have added my voice to what was said by members of this party on December 3—is that as an important country within the I.M.F., and as an important industrial nation despite the size of our population, we should not be satisfied with these steps. We should look into the possibility of a floating exchange rate and begin to discuss the immediate implementation of a crawling or floating peg.

We should look into the possibility of some international control of the evil behaviour of speculators to the detriment of the people of the world, because only by this total approach can the problem be seriously tackled by the international authorities.

[Mr. Lewis.]

[*Translation*]

Mr. Henri Latulippe (Compton): Mr. Speaker, I would feel guilty if I did not say a few words on the Bretton Woods Agreements and on the bill under consideration now.

While that question, and that of the International Bank are very complicated, and though I am not entirely familiar with them, I would ask the honourable members to forgive me if I err; I was caught off guard and did not have time to really look into the problem. I know however that the International Bank and the Bretton Woods Agreements, like all other national or international banks, are institutions that throw economy off balance instead of steadying it.

Agreements entered into by international banks are governed by almost identical regulations, except that the International Bank, grants no credit, while in the national banks, credit is created with a stroke of a pen.

The International Bank borrows capital from great financial institutions, trust companies, at the current rate of interest, just like all other national institutions that borrow capital on an interest basis. Now the International Bank's rates of interests, like those of the National Bank, are outrageous and this creates an intolerable, a preposterous international situation, for like the national institutions, existing banks are making loans. They lend the initial amount but not the interest, yet they require repayment of it. That is why, on the international front, debts are being repudiated. It happened in France, in England and in many other countries and it will happen again.

Remissions of debts are seen everywhere. It is done at the national level and soon we will see it at the international level. When it becomes impossible to pay back a loan and to pay the interest which was never part of the loan, then remissions of debts are granted.

International agreements such as the Bretton Woods Agreement and many others, are not worth much for the people of the world, Canada or other countries because since we are subject to the same regulations, the same conditions, the same consequences we do not manage to maintain an international or national balance. This is one reason for international deficits as well as national and international bankruptcies.

Mr. Speaker, our financial and economic organization is improperly constituted. The basis of the system is wrong. It must be reformed and if international institutions,