

*Bretton Woods Agreement*

appropriate action to improve our lot or guard themselves against unnecessary loss. All of this helps our total economy.

I hold a good deal of hope for Bretton Woods. I am not like some French parliamentarians who laid the blame for most of France's present inflation at the door of Bretton Woods and the lack of control over Euro dollars. I must confess that I could not follow their arguments. It may be they will have an opportunity of impressing me better in the near future. I certainly intend to look further into their arguments. Many formulae were advanced with regard to breaking the rigidity of the former values of the reserve currencies and the matter of the peg. Each of these formulae had their champions for a while and they had their vogue, and then they passed on to something else. They had some rather colourful names—the crawling peg, the snake, and a few others.

This will include those OPEC financial powers which will have to take a very realistic and responsible attitude toward international monetary relations. It may be all very well for some countries to build up their foreign exchange funds at the expense of another country in a sort of beggar thy neighbour policy. As the right hon. gentleman from Prince Albert is always wont to say, there is no alley that does not have its ash cans. Those countries which engage in very questionable practices with regard to their financial relations with their neighbours in the world are going to reap some problems in the future.

● (2050)

While we in the House may express our opinions with regard to the Bretton Woods Agreement, there is not one dot of an "i" or one bar of a "t" hon. members of this House can change. This is an international agreement entered into by the government under its powers. I suppose if this House felt badly about the Bretton Woods Agreement and rejected this bill, the government's signature on that international accord would be repudiated by its parliament, and that would be a very interesting scenario to speculate upon, but I am sure that generally we hope to see some order in the international financial market.

I do wish, however, that we in Canada were not the ones at whom everyone can point a finger because, for our own particular advantage, we decided to opt out of the reserve positions on our own currency; in other words, that we would refuse to peg to the reserve currency as required by strict adherence to the IMF accord. That, to me, is an action we may live to regret. In some ways we have been able to get the best of both worlds so far, but that will only be for a short time. I would have liked to have seen something more for stability in the long run in that field, and on that note I shall close these comments on behalf of myself and my colleagues.

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, I would like to say a few words about this complicated, little understood bill. Essentially it deals with Canada's participation in the International Monetary Fund and in international exchange. The bill raises certain questions. The original idea was to help

[Mr. Lambert (Edmonton West).]

countries and to rebuild Europe after the war. That has largely been accomplished, but new and greater problems have arisen.

For the first time much foreign currency is owned and held by the OPEC countries, and the western industrialized countries which, from a national point of view, were once wealthy, are now in many cases debtors. This is particularly so of Great Britain, Italy, and even Canada. Even the strong countries of Germany and Japan depend very noticeably on the attitude of the OPEC countries toward the rest of the world. Some oil nations have shown considerable insight and understanding of the economic problems of the world, and their forbearance is to be commended, but a great many industrialized countries are faced with financial problems greater than they have ever had before, particularly France, Italy, and Great Britain. However, with the possibility of oil in the North Sea a substantial amount of foreign currency may see Britain through for the next decade. Even so, this latest change in the Bretton Woods Agreement means moving away from the traditional gold which was the standard for many hundreds of years. It is only a small part of the special drawing rights, but gold was important. Essentially the currency is now becoming paper.

Whether the International Monetary Fund will be a success depends on the abilities of the managers of the fund. If we are all going to be in one pool, as industrialized nations we may be able to help each other. However, we may get to a point where the whole system will collapse. This idea is being considered by many reputable economists around the world, and I do not think they can be ignored as paper tigers. Nor should we think that events can be regarded as unexpected or that there will be very little chance of any currency crisis which cannot be handled. I think there are very real dangers of that happening, and that is echoed by many economists who are aware of the great financial strains in the world. Even in our country, where we are supposed to have done a little better than other countries with regard to growth, it is interesting that the latest statistics from Statistics Canada show that from 1970 to the present time our economy has grown from \$86 billion to \$200 billion. That seems like a lot, but over two thirds of that is pure inflation. In other words, \$80 billion of our economy now compared with seven years ago is just an inflationary figure.

Inflation has taken place around the world, but it is hard to understand why we cannot bring it to an end with a wholesale readjustment of currencies and of nations' trading positions. Therefore I believe the questioning and concern about whether the international currency arrangement can actually prevent a sudden and severe crash of currency are justified. In any case I presume that this bill is an attempt to take part in the working of the fund, and it is with considerable skepticism that I speak for this bill. However, as an advanced industrialized nation this is one of the contributions we can make to the world and to the western economic system.

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some-hon. Members:** Question.