currency problem in Canada, we floated our dollar. We took some action to help the United States dollar. We floated our dollar which increased approximately 7 per cent vis-à-vis the U.S. dollar, and in the process we severely hurt many of our exporting companies.

At the same time, the government took steps to cool the economy with the objective of eliminating inflation and increasing unemployment, but unfortunately both inflation and unemployment increased. Judging by the figures from the Dominion Bureau of Statistics, the treatment was both excessive and certainly not very effective because we still have both. While we were experiencing these problems the United States was experiencing similar problems. It should be noted that the largest volume of trade between any two nations in the world is between Canada and the United States, and that much of Canada's manufacturing and mining industry is tailored to the economic interrelationship that exists between our two nations. Much of Canada's capital and human resources is employed in projects which are only viable because of the stable, continuous trade relationship which has existed with the United States.

But as I say, on August 15, by the unilateral action of the President, all this changed. The steps he took, with the exception of the 10 per cent surtax, are ones we can approve of because in time, if they help the United States economy, they must obviously help ours. But the 10 per cent surtax which is applicable to some $2 billion to $3 billion in Canadian exports means that the United States government will collect some $300 million in tax which in our integrated continental competitive market means that this will be paid by the Canadian manufacturers because, as the Minister of Industry, Trade and Commerce has pointed out, any price increases in the United States for Canadian products will primarily result in the cancellation of orders.

It is, of course, true that when the Canadian exporter absorbs this 10 per cent surtax the Canadian taxpayer will pay over half the cost if the exporter is in a healthy tax paying position; that is, these grants are payable and I guess, if the exporter is paying the tax, very likely the tax rate of 50 per cent will be rebated and instead of talking about $80 million it might be possible to make the argument it should be only $40 million if the exporter is paying the full tax at the rate of 50 per cent. I will not pursue that.

As the Minister of Finance can readily substantiate, few exporters are in that position after the 7 per cent increase in the value of the Canadian dollar. After that increase there were perhaps not too many exporters who were paying that much corporation tax. It is interesting to note, in talking about the floating Canadian dollar—and other members mentioned the devaluation—that since the U.S. dollar was allowed to float after August 15, the U.S. dollar has been effectively devalued by approximately 5 per cent over the past two weeks. It is most interesting to note that the Canadian dollar has moved in an identical and relevant pattern, remaining constant to the U.S. dollar or at least basically constant. So in terms of world currency, because we move in relation to the United States dollar, the Canadian dollar has been effectively devalued.

The only case I heard the Minister of Industry, Trade and Commerce make for our exclusion from the surtax was that a healthy Canada makes a healthy customer to buy more United States goods. The position of the two floating dollars since August 15 should give more weight to the Canadian argument. In terms of world trade, those outside North America look at the Canadian dollar and the United States dollar, and the Canadian economy and the United States economy, as interdependent and almost mutually dependent because the dollars have maintained a relatively constant relationship.

There is an indication to the international community that the North American economy is, in effect, one unit. For verification, they have only to look at what happened to the Canadian dollar vis-à-vis the United States dollar when the United States dollar was floated free. We all know what has happened—just another patch on the old quilt. I would have been much more confident of government action or inaction if the Minister of Industry, Trade and Commerce and the Minister of Finance had come into this House and outlined the different proposals that were considered and discarded for one reason or another. However, there has been nothing like that. The promise of the Prime Minister to make his economic address to this Parliament or to the country through television before this Parliament met has not come about. So, we have no real guidelines and as parliamentarians are again left in the dark concerning really what the alternatives were.

I want to suggest to the Minister of Industry, Trade and Commerce something which perhaps is so simple that it might be ridiculous. It is so simple, however, that it may never have been considered.

Mr. Pepin: I am a simple man.

Mr. Nowlan: I certainly appreciate the simplicity of the Minister of Industry, Trade and Commerce. He has much to be simple about.

Mr. Pepin: I invited that one.

Mr. Nowlan: Yes, you did, but you are very genial and very accommodating in your simplicity. I had hoped that the minister could have taken parliamentarians and Canadians generally into his confidence, through the educative process that participatory democracy is supposed to provide, and reviewed some of the alternatives that were considered and discounted. I would like to have one thing explained to me.

• (4:00 p.m.)

I suggest that the surcharge is going to be of more medium range duration than temporary range, unless of course the Minister of Finance has had an inside tip from the White House to the contrary. But certainly with congress moving into an election year, and with Wilbur Mills, the powerful chairman of a U.S. congressional committee suggesting that temporary means a year or two years, and with the expressed opinions of other top