BRETTON WOODS AGREEMENTS ACT

AMENDMENT TO INCREASE SUBSCRIPTION TO INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR CONSTRUCTION AND DEVELOPMENT

Hon. Robert K. Andras (for the Minister of Finance) moved that Bill C-18, to amend the Bretton Woods Agreements Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs be concurred in.

Motion agreed to.

Mr. Andras (for the Minister of Finance) moved that the bill be read the third time and do pass.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, it was hoped that Bill C-5 would be called before Bill C-18. My hon. friend from York-Simcoe, who is the financial critic for the official opposition, has indicated his intention to make a few observations at this stage of the bill. He was hoping the minister would be here, but he has been detained at another meeting. I will do my best, however, as I have done in the past, to pitch in and substitute.

I do not know that there is anyone in the House or even, for that matter, among the experts advising the minister, who can say he has even a tolerable knowledge of this act in its entirety. Never have international financial relations been so complicated as they are today. We see one country after another getting into trouble, whether members of the fund or not. Canada is one of the classic examples. We proudly say we belong to the club. We pay our dues, and then we opt out of the major requirements. Instead of maintaining a relationship with other currencies, particularly with the reserve currency, the U.S. dollar, as required by the act, we have since 1970, I believe it is, adopted a floating rate. This is all very well for the cozy few, but some of us remember the jungle warfare of the period the second world war on international monetary markets as one nation after another devalued its currency in the course of dog eat dog competition. This ultimately caused the boat to rock so much and gave rise to so many counter-actions of a nationalistic and protective nature that the whole affair culminated in the Second World War. This was one of the contributing factors. It was also a symptom of the unacceptable quality of international financial relations prior to the Second World War.

Consider the Bretton Woods Agreement of 1944, the first phase, and then the second phase which followed in 1964 or 1965. Now we are seeing, in Canada, the third formal phase and I note that the French government, for example, is taking violent objection to the form which is presently being proposed to us, and we see this, that, and the other country devaluing its currency, not necessarily within the framework of the International Monetary Fund. These are, to my mind, disquieting symptoms.

● (2040)

It is to be hoped that the special drawing rights will relieve the pressure on the American dollar as an effective reserve currency with gold as its backing. The pound sterling has had a relatively stable past. In the early days of the Bretton Woods Agreement, I recall it used to cost me \$4.75 Canadian to buy one pound sterling when I was a student at Oxford in 1947-48. Today it costs approximately \$1.75 Canadian to buy one pound sterling. Both currencies have been thoroughly debased by inflation, although one could ask to see a currency that is not. Some do not exist in relation to their original valuations.

The special drawing rights, which we saw inaugurated some three years ago and which are being formalized by this agreement in a much more prominent role, are viewed by some countries as another source of drawing down benefits. Many of us view that aspect with some concern. We are not particularly worried about the developed countries doing more for the underdeveloped countries. To disregard man's obligation toward his fellowman would be merely hiding one's head in the sand. But I do not think it should be done through the medium of granting special drawing rights to underdeveloped countries or those engaged in the south part of the north-south dialogue, which is really a reserve tool within the IMF.

Along with my colleague from York-Simcoe, I hope we can get a great deal more information about the operations of the Canadian Exchange Fund in this relationship with our trading partners. There seems to be a hush hush attitude, which is not prevalent in a number of other countries, where dealings in the foreign exchange fund by the Bank of Canada have become sort of a sacred cow that one must not approach. We have been acting in the international market only when the bank or the government deigns periodically to release information in the most guarded terms.

There has been a great deal of pressure on the Canadian dollar lately. I fault the government for not telling the people why in layman's language, so that one does not have to become an international banker or expert on the foreign money market to understand why, some months ago, the Canadian dollar was trading as high as \$1.04 and threatening to go higher, and is now down to 94 cents. I suppose that if one presented a Canadian dollar bill at a Detroit bank one would even receive less.

Americans may be glad to come to Canada thinking their dollar is worth \$1.06, and hoping they will get \$1.06 value Canadian. But when the shoe is on the other foot, our American friends go into a shell and say that they do not take our money. It could be worth \$5 but they will not take it. Thus, they simply say they will take it at 90 cents, and you take it or leave it. The further south of the border you go the worse it gets. Sometimes you are in a position where you have got to leave it and they will take it, but at the reduced value.

I want to make a special plea on behalf of all members in this House for the Minister of Finance (Mr. Macdonald) and the Bank of Canada to be much more outgoing with regard to their actions respecting the IMF. It is not something which is holier than thou. Canadian people have enough sophistication. Those in the financial world should have the expertise to be able to tell them what is happening. Then they can take the