

*The Address—Mr. Fulton*

That is what the minister said last March. Now in September, only six months later, he says that he knew at that very time that the situation was getting worse, because he used the words I have already quoted from his statement last Monday night, that at the beginning of 1949 it was clear that the worsening world dollar situation and our rising imports from the United States would result in a sharp reduction in our current account surplus. The very facts—if anything the minister says is fact—of Canada's balance of payments position which in March he used to justify his belief in appreciating the dollar, he uses to justify depreciation in September, quite apart from the question of any alteration in the value of the pound.

Again in March, 1949, he rejected devaluation of our dollar because, he said, it would make it harder for the British to export to us, and they need dollars. I think that position can be appreciated. Then he said—and I am quoting from page 1570 of *Hansard* of March 17 last:

... far from helping the situation, the action—

By that he meant devaluation.

—some hon. members opposite appear to have in their mind would, as I have said before, aggravate it and worsen the lot of these exporters.

That is, of the British exporters. Then in September, 1949, when Britain, desperate to get dollars, has devalued so as to help herself sell to us, he devalues too, which action, according to his own previous argument, would at least partly undo any good Britain had done herself and make it harder again for her to export to us. What are we to think of this when the same minister once more contradicts himself in the course of the very same speech on Monday, and, having praised the efforts and steps taken by the United Kingdom in devaluing, said, as reported at page 56 of *Hansard*:

The dollar countries on the other hand would have to follow policies which would enable that expansion in dollar earnings to take place;—

He was referring to the dollar earnings of sterling area countries. Then he went on to say:

—and wherever possible undertake the removal of obstacles which stand in the way.

Then he turns right around and devalues, which action he earlier said would impose an obstacle in the way of British exports to us.

One could go on for some time, Mr. Speaker, pointing out further inconsistencies between the two statements, the one made in March of this year—when, as we now find, he had full knowledge of the deteriorating situation—and the statement made just a week ago tonight. We could recall the minister's earlier scornful references to what he termed "cur-

rency manipulation". It was a bad thing in March. Apparently it is a good thing in September. One could recall his contention that those who desired to see a reduction of our dollar in terms of the United States dollar wanted to offer it at "bargain basement prices". That is the expression he used to discourage a reduction to a ninety-cent dollar. One can only ask oneself now whether the minister has in fact sold out.

I have said enough to show that there is neither consistency nor intelligence in the government's handling of this matter, as revealed by the statements of the Minister of Finance. In spite of all the government's boasting about Canada's position of importance in international relations and in the realm of trade, a position which we on this side fully recognize, the minister's earlier refusal to act, and his stubborn contention that Canada could do nothing of her own volition, have once more left our country in the position of merely tagging along behind others.

My contention is that devaluation and fixing the dollar at ninety cents is but a stop-gap and is insufficient. We must go further and find the means of restoring convertibility, of enabling the sterling area to buy from us. In this connection may I refer you, Mr. Speaker, to a statement made by Mr. Harold Wilson, president of the British board of trade. I do this to show that Britain is desperately anxious to buy from us but is desperately unable to do so. The article appeared in the *Montreal Gazette* of September 22. It reports that Harold Wilson said on September 21 that Britain must continue to depend on Canada, and continues:

In a four-minute talk which he recorded today for broadcast in Manitoba and Saskatchewan next week, Wilson replied obliquely to reports that Britain is turning to other sources for her wheat.

"We are dead keen on your produce," he said. "Seventy-five per cent of our wheat comes from your prairie provinces, and we should have great difficulty in getting it anywhere else."

In conclusion, Mr. Speaker, I think I should indicate what is needed. In my opinion what is needed is that the government and their experts must get away from their closed-mind type of thinking on this subject of foreign exchange. We need a change from the policy of tying up the dollar, of putting fences around it, which now makes it impossible for sterling countries to acquire dollars to buy from us. We must keep the sterling market. To do this we must enable them to buy from us. As I see it, this means that we must either accept sterling and have the Bank of Canada convert it into dollars, or find some other means of freeing the dollar so that it and the pound are freely convert-