Employment Support Bill

on Finance, Trade and Economic Affairs. So far as I am concerned, I would agree to refer this bill to the committee after a number of observations have been made on all sides of the House.

Just what are we getting at in this particular bill? In one part of President Nixon's speech it is stated that the intention is to strengthen the U.S. balance of trade and payments during a period while more fundamental measures are coming into effect. One has perhaps to look back and see the reason for this particular measure. There is no doubt that the United States had a very serious problem on its hands. That could be the understatement of the year. Canada had a problem in 1962 and took action which it had the right to take. It had the full right to take that action. Some of the consequences will be different for the various countries. I am glad the Minister of Finance cleared this up because I was concerned about the words of President Nixon when he said:

> This import tax is a temporary action. It isn't directed against any other country. It is an action to make certain that American products will not be at a disadvantage because of unfair exchange rates.

• (9:00 p.m.)

I wanted to know where Canada's exchange rate was unfair vis-à-vis the United States, and the explanation was given by the Minister of Finance (Mr. Benson) as given to him by the United States authorities. I think it was not fully satisfactory, but at least that reason was given.

There is no doubt that some of the currencies of the world were undervalued, and here I find it extraordinary that we received suggestions from various quarters that Canada should artificially peg its dollar at about 90 cents or 92 cents in order for us to get right back into the market. Tonight I would have preferred to have heard the Minister of Finance tell us more about what Canada will propose to put an end to what is a rapidly deteriorating situation in the international monetary market.

Mr. Stanfield: I propose that we loan the Minister of Finance to the U.S.

Mr. Lambert (Edmonton West): That is one minor export we could make, and for free.

Mr. Jamieson: How much will you take for Nixon?

Mr. Lambert (Edmonton West): The international monetary arrangements that existed are now a complete shambles and there is no doubt in my mind that if we want to avoid the chaos and the international trade piracy that existed in the thirties we must get back to some orderly system of exchange. It may be unfortunate that this action by the United States was necessary to precipitate this, shall we say, very extensive result, in order to bring people to their senses with regard to a situation that had been deteriorating for the last couple of years.

On many occasions we have spoken about this situation in the House. We have asked whether or not Canada was going to advocate a wider range, instead of a plus or minus 1 per cent, within the range of variations in the international monetary market. We have asked whether there could not be a wider range so that simple gamblers—I should not say simple, but pure gamblers in the international monetary market would be faced with the prospect of suffering a loss.

Prior to the devaluation on August 15 by the United States there was no way in which an international monetary gambler could lose any money. That is why there was an open field, and whenever a currency was available for raiding, a raid resulted. Now we would like to know from the Minister of Finance whether Canada is definitely going to make a proposal in this regard in order to get the arrangement back on the rails. We must remember that the minister is chairman of the Group of Ten monetary committee.

I believe that the surcharge will be peanuts compared with the effect on Canada if we have a wide-open, floating exchange where anybody can decide to play joker. In such a situation the joker is wild. And it must be remembered that some governments in the world are so inclined if it is to their particular advantage. So far as they are concerned, there is nothing sacred about retaining the valuation of their currencies. We must remember that in the thirties devaluation was undertaken for all sorts of purposes. To me this poses a far greater problem than the 10 per cent surcharge.

The 10 per cent surcharge will affect perhaps 25 per cent or 26 per cent of Canada's exports to the United States. Those industries that will be hit will suffer to some degree if their sales are cut back, but if the U.S. has no alternative source of supply within the price range then the American consumer will have to accept the 10 per cent. It is by trying to discourage the American consumer from buying Canadian goods and perhaps turning to the U.S. market that President Nixon hopes to restore a balance of payments in his country's international payments.

But every industry is not going to be affected in the same way. Further, we do not know to what degree all industries will be affected. For instance, Mr. Speaker, our beef industry is going to be affected. But to what extent is the steel industry going to be affected? There are many industries that expected they were going to be sadly hit, but in fact they were not hit. As a matter of fact, I would say that the Minister of Industry, Trade and Commerce and the Minister of Finance were precipitate in their action in running to the U.S. As a matter of fact, they went down there before the situation had been fully examined, before the Americans had made up their minds with regard to decisions.

Mr. Pepin: How do you know?

Mr. Lambert (Edmonton West): Everyone has a right to an opinion. There are many people who share this opinion in Canada, that you ran off crying to mamma far too quickly, before you were hurt and before you knew how you were to be hurt. As a matter of fact, Mr. Speaker, the appearance of the two ministers in Washington, with their delegation, forced Secretary of the Treasury Connally to take a position publicly which

[Mr. Lambert (Edmonton West).]