

\$300 million from the revised March surplus. This improvement in the trade balance resulted from a combination of rising exports, up 2.3 per cent—which does not quite correspond to what Senator Murray said a moment ago—and declining imports, down 2.1 per cent. Honourable senators will notice that 2.3 per cent is more than 2.1 per cent; that is fairly elementary, I think.

The trade surplus for the period February to April, 1982 thus totalled \$3.7 billion, up 14 per cent from the previous three-month period. I wanted to give that additional detail, honourable senators, so that Senator Roblin will agree that my usual precision is being maintained.

Hon. Guy Charbonneau: Would the minister agree, in the light of all these figures, that the Canadian dollar should have strengthened, and if not, why not?

Senator Olson: Honourable senators, there are some additional factors related to all of this and to the value of the Canadian dollar. There is one important factor which Senator Charbonneau, with his background expertise, can no doubt explain in more detail than I can. I am speaking, of course, about the increase in interest rates in the United States, which obviously have a greater influence than even these rather significantly improved figures.

Hon. Arthur Tremblay: Honourable senators, if I may, and in the name of common sense, I will ask a supplementary question about the behaviour of the Canadian dollar. If I correctly understand the answer given by the honourable minister, there is no problem in the fact that the Canadian dollar is going down. I suppose, then, that the problem lies in the American dollar going up.

Senator Olson: That is what I tried to explain a minute ago.

Senator Tremblay: If there is no problem with the fact that the American dollar is going up, are we to conclude, from the answers given by the minister, that we should be very happy with the situation?

Senator Olson: My honourable friend, of course, is asking my opinion as to whether or not I am happy.

Senator Tremblay: It is a question of common sense, of course.

Senator Olson: Well, in terms of common sense, there is more to it than that. I can read the figures again, in case Senator Tremblay missed them, but the fact is that the Canadian dollar has not weakened against a strong United States dollar, for all of the reasons I have related, as much as has any other major currency in the world but one, so I suppose there are degrees of happiness, and we can take our choice.

Senator Tremblay: Honourable senators, I remind the minister of la fable du charbonnier. He had a guest arriving who was to be served soup. It was cold outside, however, and the guest blew on his hands. The charbonnier asked him, "Why are you doing that?" The guest replied, "Just to make them warmer." The charbonnier then served the soup. The guest blew on the soup, and again the charbonnier did not under-

[Senator Olson.]

stand. He asked, "Why are you doing that?" "To make it colder." The charbonnier did not understand, so he killed the guest. Are we in the same situation regarding the Canadian dollar?

Senator Olson: Honourable senators, the little story that my honourable friend has told us sounds exactly like the Conservative view: no matter which way it is, it is not quite right.

• (1430)

Hon. Jacques Flynn (Leader of the Opposition): If the problem is not with the other currencies, what is the Bank of Canada achieving by intervening in the market? If the problem is that the United States dollar is rising in value, of what use is intervention by the Bank of Canada? What influence can that have on the value of the U.S. dollar within that country itself?

Senator Olson: We understand that, and I think that my honourable friend, by tomorrow afternoon, will perhaps understand what I have said and what the Minister of Finance has said over and over again; that is, that the intervention is not an attempt to have a Canadian dollar that is valued differently than the market would in fact dictate. What he has said is that there are times when there is intervention with the object of avoiding extremes. My honourable friend ought to know, too, that such interventions involve exchanging other currencies, in most cases United States currency, for Canadian dollars to prevent those wild or extreme fluctuations that I talked about; but the market in fact will set the value. As my honourable friends are pointing out—

Senator Flynn: You mean Senator Frith?

Senator Olson: Yes—the object is to discourage attempts to speculate, and therefore profit from these kinds of changes in value in extreme amounts over the short term.

Senator Flynn: I do not see how you can speak of extremes. The dollar has been going down very slowly. There has been no extreme at all; there has been a gradual downfall of the dollar.

As far as the United States dollar and other currencies are concerned, the minister is boasting that all the other currencies except one are lower than ours. I do not see any need for the intervention, because there has been no extreme. The problem is the strength of the U.S. dollar, not the weakness of the Canadian dollar.

Senator Olson: Honourable senators, my honourable friend will understand, I am sure, that he himself has just made exactly the right argument and given the right reasons for any intervention by the authorities, namely, that there has been a gradual decline, and in fact, a fluctuation—in spite of Senator Murray shaking his head, which he often does. What has happened over the past few weeks is that there has been fluctuation.

Senator Flynn: What about 92½ cents—the Diefenbuck?

Senator Olson: Have you been having a conversation with someone else?