

*Unpegging of Canadian Dollar*

**An hon. Member:** Where is the Prime Minister (Mr. Trudeau)?

**Mr. Benson:** Where is your leader? Members of the official opposition may have noted today, with less satisfaction than I, the following editorial comment by the *Globe and Mail*, not a notoriously Liberal newspaper.

Mr. Benson did the correct thing and did it correctly. He notified the IMF, in advance, of what he intended to do. He did it unexpectedly (surely one of the few times when such a manoeuvre has been successful and surely not the sort of useful skill for which the Opposition should be blaming him).

In fact, Mr. Speaker, we can point to events themselves confirming the correctness of the government's course of action. There has been some appreciation of the Canadian dollar in the exchange market. The market is now settling down well to the new situation. The closing quotation today for the Canadian dollar in terms of Canadian funds was 96½, an effective appreciation since the close of business last Friday of a little over three points.

It is surely strange that members of the Conservative opposition should try to portray the strong position of the Canadian dollar as an indication of weakness on the part of the Canadian government. The very obvious fact is that the strength of our currency reflects confidence in the Canadian economy on the part of investors and the strong position of our export trade.

**Some hon. Members:** Hear, hear.

• (11:50 p.m.)

**Mr. Benson:** The growing competitiveness of Canadian goods in the markets of the world only serves to underline the importance to the economy of continuing our efforts to prevent prices from increasing less rapidly than those of other countries. Had we failed to act decisively to curb the inflationary spiral of costs and prices, we could expect that our exports would be considerably less competitive than they are today.

While the Conservative spokesmen have voiced grossly exaggerated fears about the possible adverse consequences appreciation of the value of the Canadian dollar could have on certain Canadian exports, they have made little or no reference to the benefits which would flow to Canadian consumers from a reduction in the prices of imported goods. This illustrates the concern of hon. gentlemen opposite with big business—and to hell with the little man, the consumer.

**Mr. Bell:** What about the unemployed?

**Mr. Benson:** It is estimated that out of a total of \$14.2 billion worth of imports into Canada last year, some \$5 billion were purchased by Canadian consumers. This indicates that Canadian consumers may expect lower costs on some \$5 billion worth of goods to the extent that appreciation of the exchange rate of the Canadian dollar leads to a reduction of the price of imports from abroad.

The motion before the House suggests that the government should have had a fully prepared program for the adjustment of its economic and financial policies available for immediate announcement. I suggest, Mr. Speaker, that this is quite unrealistic. We had no way of knowing with any precision the extent of the appreciation which would take place. This was one important reason why it was not wise to establish a new par value for the dollar under the circumstances. It is surely reasonable to determine the extent of offsetting expansionary measures only when we know what must be offset. Certain measures could be decided immediately, and I refer to the further reduction of the bank rate to 7 per cent from 7½ per cent, and the decision to withdraw the budget measures for the control of consumer credit.

Any further measures can be considered carefully as the need is indicated by developments in the economy. Any adverse effects which may result from a more valuable dollar will not occur overnight. There is no need for panicky or ill-considered action. Clearly, the business community has recognized that the reasoning behind this action is sound. It has been almost unanimously acclaimed among economists. We have already seen evidence of support from provincial governments.

May I quote the opinion of the Canadian Importers Association on the government's decision?

**Some hon. Members:** Oh, oh.

**Mr. Hees:** What about the Canadian Exporters Association?

**Mr. Benson:** As I have said, you are much more interested in big business than in the little man and his ability to buy goods.

**Mr. Hees:** I am interested in jobs, and you know it.

**Mr. Benson:** You did not propose help for the little man, you proposed help to business. The Importers Association stated that the