

their currencies too low and, therefore, have been operating at an advantage in terms of world trade. The United States has been insisting that Japan and Germany revalue upward so that they more truly reflect the currency position as against the currencies of other countries.

What appears from the determination to intervene at this time is that it is all part of an election psychology. It seems quite clear that there is to be an election. I wonder whether, in fact, the government would have intervened at this time if that were not the climate or the mood of the country.

The unfortunate aspect of the government's willingness to behave as it has is that it knows, or should know, that the most serious problem facing this country is unemployment. This is an absolutely disgraceful situation facing this country, yet for some reason the public does not perceive unemployment as a most serious problem. The public can be persuaded by all kinds of headlines and by the kind of debate we have heard from our friends to the right—and from Liberal members as well—that the real problem is in relation to the integrity of the dollar, as though that means anything. What does mean something is the number of jobs available. That is what really means something—not the mercantile view that you have gold in the vault and money in the bank. We had plenty of gold in the vault and money in the bank during the great depression, but that did not mean anything because there were no jobs for the people.

This government, at political risk, thought it was better—rather than putting people back to work,—to put some cosmetics on the Canadian dollar which the government itself felt should be lower in relation to other currencies. This is a kind of justice from above. There is a great article in today's *Citizen* by Charles Lynch. The circumspect hon. member for Nickel Belt (Mr. Rodriguez) took away my article by Charles Lynch; however, I will see if I can do justice to Mr. Lynch. The trouble with reporters like Charles Lynch is that they hang around the press gallery for too long and become memories. They remember things, but what they are remembering is 15 years ago when the Liberal party sat on this side of the House and laughed like crazy at the Conservative party, which was on the other side, for devaluating the Canadian dollar.

An hon. Member: The "Diefendollar".

Mr. Saltsman: Yes. And the Liberals campaigned on that and persuaded the Canadian people that the world was coming to an end and the sky was falling because the first thing the Conservative government had done wisely for four years was to lower the value of the dollar. We now have the same play and the same repertoire. We have a road show with an out-of-town cast of players. We have the reverse of the previous position. I think there is a kind of poetic justice here. I say to you, Mr. Minister and through you, Mr. Speaker, that if you get tossed around a little bit, if you are punch-drunk and your head is ringing, you have it coming to you. You have it coming to you and they have been waiting a long time for it.

Finance

● (2312)

Charles Lynch is always around to remind the government: he never forgets anything. Some provinces did not go to the minister; some behaved foolishly: they borrowed money in the United States because interest rates were lower—The money was available in Canada, but the interest rate was higher. When provinces did that, they took a risk. I have used up enough of my time talking about Charles Lynch; I have given him more glory that he is entitled to.

Was it the provinces? Was it the fear of repatriation of dividends? The Minister of Finance should answer these questions. If he were frank, perhaps we would feel differently about the action he is taking. No explanation has been put before the House. Was it pressure from other countries? I suspect that it was. Was Canada becoming too competitive? I suspect that it was.

Mr. Chrétien: No.

Mr. Saltsman: Currencies in other countries of the western world have gone down too much. They did not want that position; they were worried about it.

Mr. Chrétien: Mr. Speaker, with the permission of the hon. member, I can reply to that question. There was no pressure from anyone. I discussed that matter with my advisers and the governor of the Bank of Canada.

Mr. Saltsman: I have no reason not to accept what the minister says at face value. Whether there were any direct discussions or not, it was forced on Canada. The Diefenbaker government, in 1962, paid a price for the rescue operation of the Canadian dollar. It was to go on a fixed exchange rate. That was forced on Canada; it was not wanted. There has been pressure on Canada not to be on a floating exchange rate and not to allow its rate to go too low. I am sure those views are taken into account in the Department of Finance.

A few days ago, when the minister was before the Standing Committee on Finance, Trade and Economic Affairs, I accused him of living in a fool's paradise when he told the committee that the inflation rate in the 1980s would be 3.5 per cent. That was commendable, but unrealistic, especially after one considers what people in other countries are indicating; that is, that the inflation rate cannot be brought down below 6 per cent. Given the past history of this government, it would be surprising if the government brought it down to 3.5 per cent.

This government is determined to live up to a silly projection which has very little basis in fact: it is little more than a pious hope. The government refers to this as a real figure; then it attempts to twist and distort the economy on a Procrustian bed in order to make it fit. The consequence is that the people whose arms and legs are stretched are the unemployed, while the government pursues a goal which cannot be reached.

Devaluation has a price. Nothing is costless. The price paid for devaluation is that the dollar falls, exports are improved, imports are reduced, the cost of living is raised and inflation is contributed to. While it has a positive effect on employment, it