

Unpegging of Canadian Dollar

ly \$42 million in profit after taxes for the economy of British Columbia may be lost, and even more than that amount in corporation taxes may well be lost to the treasury of Canada.

Every cent change in the value of the Canadian dollar vis-à-vis the U.S. dollar means \$14 million to the forest industry of my province, to the working people of my province, to those who provide secondary services and to those in the supply industries. The forest industry of my province provides employment for 60,000 workers. The forest industry of my province is being directly affected by this government action. As I say, many thousands of jobs in secondary industries will be affected.

I realize that arguments may be advanced that latest available figures show substantial forest product exports from British Columbia. But I remind the minister that the buoyancy of the first quarter in the forest industry's export figures is due in large measure to catch-up figures which have resulted from the longshore strike of 1969. An abnormal amount of lumber has been shipped from British Columbia and those figures must be included in the first quarter figures. I do not suggest that these figures are typical, nor can we expect them to be.

In placing on record the estimated figures for our largest industry I am aware, of course, that there may be a partially offsetting benefit for those sectors of the industry involved in the purchase of new equipment for new mill capacity. This offsetting benefit has not been touched upon by opposition speakers today. I am aware as well, Mr. Speaker, that other industries involved in the establishment of a new plant will enjoy certain undoubted benefits if they require new imported machinery.

I am aware of the advantages which flow to western Canada and to my province as a result of our dollar being pegged and supported at 92½ cents as compared with the United States dollar. Nevertheless, the freeing of our exchange rate will affect our lumber prices which stand at 1964 levels in British Columbia. There has been greatly reduced demand at this time, a time when the cost of living increases and other manifestations of inflation are increasing the profit squeeze. This is a time when literally thousands of our working people are out of jobs through lock-outs, strikes or unemployment.

The effect of a 4½ per cent change in the value of the Canadian dollar could affect the

sale of western resources worth more than \$2 billion—resources such as wheat, lumber, oil, gas and minerals. This policy, therefore, has profound importance for the four western provinces of this country. It could mean a loss to western Canada of \$900 million annually if we assume, and we must assume, that all exporters are sufficiently good salesmen to obtain the best prices they can. Some of our mineral contracts involve sales in United States dollars for 15 years. If the Canadian companies concerned attempt to recover their losses, they may well lose the business.

I cite these facts in support of the thought that the government should consider the possibility of additional measures which will serve to stimulate the nation's vital export industries, should the effect of the freeing of the dollar have an unduly adverse effect. If I sound partisan on behalf of some of the people I represent in western Canada, I must admit I am. I have a profound interest in the future of that part of Canada.

Those who see nothing but doom, gloom, disaster and worse in the freeing of the Canadian dollar from a fixed rate of exchange fail to understand the imperative need for flexibility in today's Canada and today's world. The rigid, dogmatic economic theories of the past are largely irrelevant. Economists ranging from Galbraith to those of other countries, including the Soviet Union, know that the imperative need today is for change. Modern government must be willing to introduce an economic mix and it must be willing to change that mix as conditions change. Governments unwilling to change in the light of economic necessity do not deserve to govern.

In light of the importance of exports to the well-being of Canada it must be obvious that a variety of compensatory activities and measures can be expected in the weeks and months to come. Let us hope that they will be considered not in a partisan sense but in terms of their value to the Canada that all of us, regardless of party, desire.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, may I take time to say just a few words. I join this debate, not to applaud the recent statement of the Minister of Finance (Mr. Benson) nor even to criticize, but to ask what next will the minister propose. Certainly the decision to free the dollar on the international market and the lifting of the threat of credit curbs are only overtures to further changes soon to be made. Perhaps we can soon expect