

occasions; that is, the incompatible policies of the fixed exchange rate plus the agreement on exchange reserves which are continually coming in conflict.

I am not at all sure that the people of Canada will be satisfied with the way in which the government and the Bank of Canada have dealt with this problem of protecting the Canadian dollar, because the Canadian people will have to suffer for it. There is no question but that the general level of interest rates will rise, that our already acute situation in respect of housing will become worse, that government financing will become more expensive and as a consequence our economy will slow down even more.

I would have hoped that in view of the critical situation in which we find ourselves the government would be prepared at this time to re-assess its whole policy with regard to our exchange rate and its whole policy with regard to our relations with the United States. I and some of my colleagues have suggested earlier in this house that the situation at the present time, even before this immediate crisis had arisen, called for re-thinking in respect of our attitude with regard to the fixed exchange rate. It is demonstrated by the present economic problem in this country that we should go back to the floating interest rate and the control of the inflow and outflow of capital from Canada.

The government's present action seems again to be placing the burden on the ordinary Canadian citizen, because it has tied its hands with regard to the monetary and fiscal policy so that it is unable to cope with this problem without curbing the development of the Canadian economy in a way which, in the end, must fundamentally undermine our position internationally far more than any temporary attack on the Canadian dollar,—and which attack would be very severe if continued for any length of time.

I would again point out, as I did a few weeks ago in this house, that when we were on the floating exchange rate which lasted for 12 years the fluctuations were all within a very narrow range of 3 cents United States during that whole period. I would hope that somewhat the same situation would occur now. But in order to prevent anything more drastic in the way of upward pressure, which is equally as dangerous as downward

#### *Statement on Foreign Exchange*

pressure, I would suggest that the government consider the imposition of emergency exchange controls.

**Mr. R. N. Thompson (Red Deer):** Mr. Speaker, I share the concern the minister has expressed in saying he regrets the external circumstances which exist that have made it necessary for the Bank of Canada to step up the interest rates, as it has done. I would just like to add that this serves as an additional reminder that the economic situation both within and outside the country is most serious at the present time. The policy of raising federal housing interest rates to the present level, instead of drawing more capital out of the private sector, has served only to push interest rates still higher. This action today will have the same effect. One wonders just how high interest rates can go.

I should like to remind the minister as he seeks to deal with these problems, many of which are outside his own direct control, that never since 1929 have we faced a problem of high interest rates such as that we have now, and that this action, which may have been necessary at the immediate moment, will serve only to increase further our financial problems. In this regard it relates also to the continued policy of those who control international monetary values in respect of gold being held at the present price. One wonders how long in the future it will be before the price of gold will have to be increased, its having held the same price it holds now while other commodities have doubled or even quadrupled in price.

We share the expression of regret the minister has made in his statement, but we hope he will use every possible effort to bring about some more permanent and more satisfactory solution to the problems of international liquidity and stability of our own dollar, and the problem of the continual rise in the cost of interest and the continued tight money policy which makes Canada's development so difficult.

[Translation]

#### **MEAT INSPECTION ACT**

AMENDMENT TO PROVIDE FOR INSPECTION  
LEGEND IN ENGLISH AND FRENCH

**Mr. Fernand-E. Leblanc (Laurier)** moved for leave to introduce Bill No. C-196, to amend the Meat Inspection Act (inspection legend).