

nity of attending the hearings of the Standing Committee on Finance, Trade and Economic Affairs when the governor of the Bank of Canada appeared last week. If the Leader of the Opposition had chosen to attend that committee meeting, he might have learned something. He might have learned that there are a number of factors which affect the value of the Canadian dollar. For example, he might have been reminded that the trade balance in Canada and the competitiveness of Canadian industry are important to the value of the Canadian dollar. He might have learned that the health of the United States economy is important to the value of the Canadian dollar.

The Leader of the Opposition might have been reminded that it is the judgment of those outside Canada, of the international investors, the money market managers and those who are trading in foreign currencies—the judgment of those with respect to the political stability of Canada and the question of separation or partition—that determines the value of our currency. It is the judgment of those people with respect to what other people in Canada are saying about Canada, particularly some of those who would hope to be the leaders of Canada and some of those on the other side who I believe, quite properly, can claim to be leaders in this country. Those international judgments—

● (2050)

Mr. Gillies: They have judged the government.

Mr. Gillespie:—have an enormous effect upon the Canadian dollar and they have been judging some of the statements made by the leaders opposite. In my remarks—

The Acting Speaker (Mr. Turner): Order. The Minister of Energy, Mines and Resources (Mr. Gillespie) has the floor, and I suggest we listen to him.

Mr. Gillespie: The hon. member for St. John's West, for example, has referred to Petro-Canada. I would enjoy an opportunity to debate Petro-Canada with him and with the Leader of the Opposition. I cannot help but feel that many leaders outside Canada, for example, our allies and trading partners, the United Kingdom, Germany, France, Italy and Japan must wonder about this country when the Leader of the Opposition would destroy the national oil company at a time when they are trying to build national oil companies in their countries to protect the energy security of their people.

These people and also the people in banking businesses abroad are asking why would the Leader of the Opposition put himself in such a completely untenable, unthinking, irresponsible position. There is no time to debate the issues of Petro-Canada this evening, but I am sure there will be plenty of opportunity in the weeks and months to come.

Mr. Gillies: During the election.

Mr. Gillespie: I would like to deal briefly with the four points which I mentioned a moment ago in regard to the question of the trade balance. We have heard a lot of rhetoric

Currency Devaluation

and bombast from the other side on this issue. The trade balance, of course, is immensely important, and there is no question that we have had a growing deficit with respect to our balance of payments. There is also no doubt as to why that has occurred. Anybody who has been watching the events over the past five or six years would realize that the competitiveness of the Canadian economy and of the manufacturing industry in particular has been seriously eroded because unit labour costs have gone up and were higher on average than those in the key manufacturing sectors of the United States. Furthermore, those wage rates had been rising more rapidly than they had been in the United States.

International market forces have redressed that imbalance by judging the value of the Canadian dollar at a figure less than what it had been six years ago. The market has made the inevitable adjustment to the situation where a sector of the economy becomes non-competitive with its trading partners.

The second factor which I referred to, the health of the United States economy, is not something about which the official opposition talks. To listen to them one would think that the Canadian dollar could exist quite apart from the financial health and growth of the United States economy and that it could develop in Canada quite apart and unrelated to what is happening south of the border. Those who deal with international currency exchanges know that the Canadian economy is a dependent economy in the sense that 70 per cent of its market is with the United States and in the sense that the health of the United States financial markets are important to Canada.

These people also know, but I have not heard it from the opposition, that the United States dollar has been under great pressure for the last two and a half years. For example, if we take 1976 as the base period, the United States dollar has fallen against the yen by 35 per cent; against the Swiss franc by 34 per cent, and against the deutschemark by 29 per cent. I cite these numbers because if there is a weakness, and in theory there has been a serious weakness in the United States dollar, and if the Canadian economy is a dependent economy vis-à-vis the United States, it is not surprising that those who are making judgments about the Canadian dollar would regard the Canadian dollar as a weaker currency than that of the United States.

The official spokesmen on the other side never allude to these points. Nor do they remind Canadians that the Canadian dollar was worth one dollar and 2.86 cents American in October, 1976. They do not remind us that on November 15, 1976, the PQ party, the separatist party of Quebec, was elected to form the government of Quebec. They do not remind us that within two weeks of that event the Canadian dollar dropped to 95.88 cents, the single largest, most precipitous drop of the Canadian dollar in the last two and a half years, the period at which we are looking. I did not hear any opposition speakers in this debate today draw to the attention of the Canadian people the significance and influence of that election on the value of the Canadian dollar. That event more