

The Address—Mr. Fleming

on April 30 have abundantly justified and vindicated what we in this part of the house said then in warning of an approaching crisis in Canadian trade.

Devaluation, Mr. Speaker, is not the whole answer to the problem. If Great Britain's purchases from Canada continue to be seriously reduced as is now threatened, regardless of whether devaluation had or had not occurred, we would still face a critical situation. However, devaluation has occurred and the purchasing power of the pound in the Canadian market has been reduced. The pound is now worth only \$3.07 in the Canadian market whereas formerly it has been quoted at \$4.03.

This afternoon I marvelled at the jaunty air of the Minister of Trade and Commerce (Mr. Howe) when asked a question about the effect of this reduction in the purchasing power of the pound in Canada on British purchases from Canada, particularly our foodstuffs and raw materials, when he shrugged it off and said that that is making an assumption, as much as to say: "Well, who can say that it does mean any reduction in British purchases in Canada?" Does any serious person think that the reduction in the purchasing power of the pound in the Canadian market will not be reflected in reduced purchases of Canadian goods?

Mr. McIlraith: That is not the assumption that was in the question.

Mr. Fleming: That is the implication that was in the question, if the hon. member will have regard to the question.

Mr. McIlraith: I have. I have read it carefully and accurately.

Mr. Fleming: Then I am sorry that the hon. member has not more intelligently interpreted the question, because the whole purpose of it was to invite the Minister of Trade and Commerce to indicate what steps, if any, the government might have in mind in view of the fact that we are being faced with a reduced purchasing power of the British pound in the Canadian market.

This matter of the ten cent devaluation of the Canadian dollar is no final solution of our problem here. It is only an incident and nothing more. As a matter of fact, our own Minister of Finance (Mr. Abbott), on arrival in England on July 19, was asked about the possibility of cuts in the value of the Canadian dollar. As reported in a Canadian press dispatch from London, he said:

I do not think dollar cuts are a sure cure for anything. There has to be a positive solution.

Sir Stafford Cripps on June 7 made this statement at Blackpool:

You cannot possibly find any solution to our present problems by juggling with money, incomes or finances or fiscal measures.

[Mr. Fleming.]

Those are words with which I think no one can take issue. This is not a solution. As a matter of fact, everything that was wrong before in our exchange relationships continues fundamentally, because the rigidity is there, as is the artificiality and the attempt by government to manage trading relationships. Those things are all there. We have made no step whatever toward the restoration of convertibility, and convertibility must be our goal. We may not be able to achieve that goal today or next week, but our efforts—and Canada has a mighty stake here—must be directed towards achieving the convertibility of exchange. We shall not achieve that end simply by trying to retain all this artificiality in our exchange relationships, all these attempts by government to master-mind the whole of our exchange relationships. We have seen that it just does not work. Britain tried it. The Chancellor of the Exchequer has tried it and he has failed. Surely we have seen that nowhere in the world in any government are there minds big enough to be able to master-mind the trading and exchange relations of the world.

Before I leave this subject of devaluation, Mr. Speaker, may I say that it is quite apparent that we are to be faced with more restrictions on trade. We have had an intimation of that already from the Minister of Trade and Commerce in a statement he made on July 13 in which he indicated that more import restrictions on United States goods might be expected. We have had it also in a recent statement made by the Canadian high commissioner, Mr. Dana Wilgress, at the conference that is taking place at Annecy.

There are two matters that I just wish to mention before leaving this subject of devaluation. I wish that the government could take some account of the plight of the imperial pensioners in this country. They will suffer seriously as a result of the reduction in the purchasing power of the pound sterling. I wish that the government could also take account of the plight of those who have immigrated to Canada from the United Kingdom in recent years and who, under the United Kingdom exchange control regulations, are permitted to withdraw from the United Kingdom only 250 pounds per annum for the first four years of their residence in this country. This devaluation will mean a serious crimping of the means of those who have immigrated to this country from the United Kingdom since the war, and it will also probably have a discouraging effect on others who may be purposing immigration to this country, bringing with them needed skills.

I mention briefly the subject of gold because reference was made to that yesterday in the statement made by the Minister of