

Finance

me whether they want me to peg the dollar or not peg it. They did not speak about it.

An hon. Member: We don't want you to peg it.

Mr. Chrétien: They say the crisis is in relation to the monetary policy of the government. I listened very carefully for the last 45 minutes and they virtually made no reference to that. I did not expect too much from the NDP because they know they are in the opposition and will remain in the opposition forever. But, when the Leader of the Opposition tells me to be responsible in my job, I want to tell him he has a responsibility to be responsible. Some ten years ago when we were faced with such difficult problems in this land I remember that the hon. member for Halifax (Mr. Stanfield) acted as a responsible leader of the opposition. He told the Canadian people they must pay a big price in a very touchy situation, and acted as a real Canadian who was concerned about the economic future of this nation.

Some hon. Members: Hear, hear!

An hon. Member: That is not what you said in 1974.

Mr. Chrétien: I wish the Leader of the Official Opposition would show the same sense of responsibility, particularly if he wants the people of this land to believe he could be a responsible leader of the government one day. Of course, he prefers to try to score some little political points against the government, and even against the Minister of Finance. I can defend myself. I have no problem in explaining the policies of the government.

The policies of the government in terms of the monetary system have been the same for a long time. We are floating the Canadian dollar, which means that the marketplace decides what is the real value of our currency against another currency. I have said many times that the Canadian dollar has to float downwards, because for years Canadians have put themselves in the position of losing their competitiveness in world markets. We have to adjust to that situation one day or another. Since November, 1976 the Canadian dollar has floated downwards from a beginning of \$1.03 in relation to the U.S. dollar.

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For many reasons we have priced ourselves out of international markets. The compensation in the Canadian economy was higher than in our main market, the United States, in many fields. In my own riding, for example, workers in the papermills are receiving \$1.50 or \$1.75 more than their counterparts in the United States. The situation which they faced was very difficult when they were laid off for weeks this summer, because that industry was no longer competitive. We are going through adjustment processes at this time.

On top of those difficulties, everyone must recognize that we are facing a new element which adds to the uncertainty of the economy of our nation. There are a lot of people in the market place who do not know what the future of Canada is. One only

[Mr. Chrétien.]

has to go to New York, Chicago, Los Angeles or San Francisco, as I have done in the last two years, to find people asking what will be the outcome of this nation as a nation. Some people do not consider that to be serious.

I went to New York twice since January to explain the economic situation of Canada, to speak about the economic prospects of this land and so on. The only question those investors asked me was: What is the situation in regard to the unity of Canada? I am only stating facts. I went there to talk about what I think, that this land has a fantastic future if this problem can be solved.

Some hon. Members: Hear, hear!

Mr. Chrétien: If we act responsibly, this problem can be solved. I am not afraid of the future. We will stick together. When the level of the dollar today is exactly the same as it was in October, it is irresponsible to talk about a crisis. We had the same problem five months ago. This irresponsibility is not worthy of the hon. Leader of the Opposition (Mr. Clark), who is attempting to become the prime minister of this land.

Some hon. Members: Hear, hear!

Mr. Chrétien: We are having some problems with the Canadian dollar.

Miss MacDonald: No, never!

Mr. Chrétien: Yes, I admit we are having some problems. In the process of floating the dollar, the governor of the Bank of Canada is called upon to intervene in the marketplace in order to make sure the market operates in an orderly fashion. The exchange of Canadian dollars for American dollars, and vice versa, is subject to speculation. It is the duty of the governor to intervene in that field. I was amazed to hear this afternoon a graduate of the London School of Economics, the hon. leader of the New Democratic Party, talking about expenditure to maintain the dollar. He should know that it is not an expenditure. It is just an exchange of American dollars for Canadian dollars, and vice versa. There is no loss of money involved. For him to rise and create the impression that we are spending dollars to defend the Canadian dollar, rather than investing that money in jobs, is amazing. I was just a small town lawyer, and I knew that a long time ago.

Some hon. Members: Hear, hear!

Mr. Chrétien: From time to time the governor has to move in the marketplace to ensure the market behaves in an orderly fashion. He has done that every month since the Canadian dollar started to go down from its level in November, 1976. It is his role to do that. That is the mandate parliament has given him.

The hon. Leader of the Opposition is complaining that I did not answer his question on Monday, when he asked me if I was planning to draw on the stand-by credit we had arranged. I had discussed that in the morning with the governor. It was agreed that we were not. Because of the kind of irresponsible