

Finance

use with regard to their international settlements. Obviously, there is nothing that will replace confidence in one another's currency. Confidence in another country's currency is based upon its economic performance. What is its balance of trade? Is this a steady deficit? Is there a run away inflation? What about interest rates? What is the form of performance of the government?

There are a number of other factors which lead to a degree of confidence which other countries will have in your currency. As long as that confidence exists, there is less danger of negative movements with regard to one's own currency. There are other things that have to be done. I do not know just in what direction but, as I indicated at the beginning of my remarks, one is left with a nagging feeling that we are far from having settled the final form, and there may be further events. After all, 1969 has just started. In 1968 we saw two world monetary crises; the next one may be a lot worse. I am hoping that if there is to be one it will not be as bad. Frankly I do not think any good comes out of them anyway. The corrective measures that have to be taken to deal with crises, either the imposition of temporary surtaxes or temporary taxes which have their origin in economic nationalism, merely add to friction among countries. You can have as much economic friction with deleterious results as you can have military or political friction. I do not want to point the finger at any particular country or countries, but if we go back to 1968 we realize there was just as much international friction as a result of economic thinking and actions of France first of all vis-a-vis the dollar, then vis-a-vis the pound sterling and the German mark, as actions of the French government in other spheres. The action the British government has had to take to shore up its own economy only led to difficulties.

We have seen our exports to Great Britain cut back and we had to take action in order to replace them. It seems to me that economic nationalism is entirely negative. Therefore, what we want to do first of all is to remove one of the root causes of these various aspects of economic nationalism, that is to have as steady a system of foreign exchange settlements as may be envisaged under the Bretton Woods Agreement. It is not the final answer but I hope it will provide us with some improvement. It could be that perhaps a little

[Mr. Lambert (Edmonton West).]

more flexibility, as was indicated by some other hon. members, perhaps instead of a plus or minus 1 per cent above the fixed exchange rate 2 or 3 per cent would allow movement and would make those working on interest arbitrage much more cautious of entering the market and therefore upsetting it. This may be a partial answer. Perhaps averaging once a year on what was claimed to be a crawling peg or a movable peg, may be another satisfactory answer. However, having examined these things I believe that the alternatives have been put before us much more clearly by the committee and it has been for the benefit of the house. Therefore, I for one support the third reading.

Mr. Max Saltsman (Waterloo): The hon. member for Edmonton West (Mr. Lambert) spoke of some nagging feelings about this measure when he indicated support for the bill. I, too will indicate my support for the bill on behalf of my party, but I support it with very strong reservations. I say this for a number of reasons. I do not feel that the examination of the bill in the committee was very helpful. I say this not because the chairman and the members of the committee did not do their best. I think they worked very hard. We had witnesses from the Bank of Canada and a number of people from the chartered banks of Canada. However, I suggest that this study was not sufficient to examine the implications of a policy as important as the one with which we are dealing. My feelings were that the committee was being appealed to on the basis of "let us be good international citizens". This is something all of us understand, appreciate and wish to be. The committee did not have the expertise to challenge the witnesses who appeared before us. We had to accept their word that this is a good measure for Canada. But there is much doubt whether an international banking bureaucracy is not developing and whether they have more in common with each other than they have with their own countries.

● (9:50 p.m.)

This may not be the case. I am prepared to accept the fact that our people are committed to international stability; that they are committed to the organization; that Canada believes in its role in world affairs, but until we can get a clear impression or a clear confrontation with the negotiators, that doubt