McLeod Young Weir, and Mr. McLaughlin. Mr. Gillies did not refer to anyone specifically.

Mr. Deputy Speaker: Order, please. I remind the hon. member that he should not refer to another member by name, but by his constituency.

Mr. Johnston (Westmount): Thank you, Mr. Speaker. That is one of the problems of being a new member. The hon. member for Don Valley (Mr. Gillies) referred to those who say that the dollar should be between 88 and 90 cents. I do not think he suggested it was his idea. We have heard from McLeod Young Weir, Mr. McLaughlin, *Saturday Review* and others, but we have yet to hear from the opposition.

● (2130)

I am disappointed in the comments made by the hon. member for Don Valley because I had anticipated we would hear something constructive from him, an examination of different policies. Our position is on record but nothing of any substance was put forward by opposition speakers, nothing specific that we could grasp. Only one single idea was forthcoming from the Leader of the Opposition (Mr. Clark), and I will deal with that in due course.

The reasons for the fall in the value of the dollar back in 1976 are no secret. We all expected the dollar would fall at that time. It had been widely predicted that as soon as interest rates shifted and the differential between Canada and the United States disappeared, it was bound to happen. The situation was compounded by the victory of the Parti Québécois, to which reference has been made on a number of occasions during this debate. In addition, it is well known that labour costs in this country rose dramatically in 1975, settlements in the first half of that year being in the neighbourhood of 18 per cent. Subsequently settlements were reached at lower levels. The competitive position of Canada was the subject of wide debate, and it was broadly felt and recommended that the dollar should find a lower level.

I, for one, see no evil in the devalued dollar. I am surprised that it seems to be an article of faith among the opposition that it should be at a higher level. Naturally, we do not want to see the dollar fall any further.

Mr. Gillies: Why not?

Mr. Johnston (Westmount): There are other factors involved. Mention has been made of the recent policy review of the C. D. Howe Institute which pointed out that a further decline in the value of the dollar could set off another round of price and wage inflation in the country. This is not something Canadians want to see. On the other hand, as one finds when addressing oneself to the business community, there are considerable benefits attached to the present level. Some quotations to this effect were read into the record by the Minister of Transport, I believe. It is perfectly clear that a large and representative cross-section of the Canadian business community is pleased that the Canadian dollar is hovering somewhere in the 83-85 cent range. The evidence is clear for all to see. Our trade balance of $3.6 billion in 1978 bears testimony to the benefits which the lower dollar has brought.

[Mr. Johnston (Westmount).]

The opposition suggests the value of the currency should rise, that we are in some kind of crisis. Perhaps it will rise. The C. D. Howe report suggests it will do so. The Minister of Energy, Mines and Resources (Mr. Gillespie) indicated this evening that the dollar would undoubtedly rise in due course. But we do not want it to rise too quickly, placing us in the same position as Japan and Germany which are fighting at the moment to deflate their currencies and expanding their monetary aggregates and money supplies in order to bring this about. This is not the answer for Canada. It seems to me it is extremely irresponsible to talk in terms of a national crisis. The hon. member for Don Valley said it was probably the most serious crisis in the economic history of this country. I say that when an economist, as he is, discusses this issue and offers no solutions then he is fully aware that there is no crisis of the proportions he describes.

There are, nevertheless, difficult policy decisions to be made. The choices are not easy. This is a very serious matter and I agree with the last speaker for the opposition that the subject is not one to be taken lightly. I certainly do not take it lightly, because I am concerned about the dollar plunging below its present level. I am equally concerned about its rising too rapidly to higher levels, which would again leave us unable to compete on world markets. The dollar, as it is, is laying the foundation for a strong industrial sector throughout the eighties and, I suggest that to follow any other policy at the moment than the one suggested by the governor of the Bank of Canada would be utter folly. In any event, the opposition has placed no other policy before us for examination, although that is what I had hoped to hear today.

The opposition has had ample opportunity to examine the governor of the Bank of Canada.

An hon. Member: That is not true.

Mr. Johnston (Westmount): There was nothing to prevent any member of the opposition holding discussions with anyone they chose. They are quite entitled to talk to the Canadian Bankers' Association, to economists, to analysts with the C. D. Howe Institute or the Economic Council. They can talk to anybody they please, and they are quite capable of putting questions to responsible ministers based on the information they obtain. But they have not done so. Basically, they are trying to create an inflammatory political situation out of a serious economic matter which the government has openly put forward for examination.

We hear charges that there is secrecy. There is no secrecy here, Mr. Speaker. There is nothing secret about the situation of the Canadian dollar. Nothing is undisclosed. The only secret, Mr. Speaker, and perhaps the best kept secret, is what the opposition's policy is with regard to the dollar, and, for that matter, with regard to other economic measures which they hope to implement, such as the stimulative deficit, about which we have heard so much, and such as laying off something in the order of 60,000 public service employees without