

Spokesman Graham Newman was quoted in Canadian newspapers: "As a general principle, budget deficits have been a source of concern in the industrial countries as well as the developing world. Obviously any actions that are taken to reduce budget deficits are a move in the right direction." Asked about the earlier stated demands of the International Monetary Fund, Newman said, "What we do in these reports is make recommendations, and if the governments follow them, all well and good. . . . Obviously one has to be aware of the domestic political constraints under which governments operate."

Debate or charade?

The "domestic political constraints" in Canada, however, all seem to be on the population. The Liberal Party leader, John Turner, whose resignation was announced May 3 but will not take effect until a party conference later this year, has chosen to "lead an aggressive and constructive opposition to the budget."

Turner himself, however, as a finance minister under Prime Minister Pierre Elliot Trudeau, also earned the name, "the boy from Bay Street." It has been asked if, as with his anti-American rhetoric in the last election, Turner's anti-Wilson rhetoric on the budget issue is meant to divert any genuine opposition to the IMF's goals. Indeed, Turner's Liberals and the New Democratic Party—the Socialist International-linked other major opposition party—are making their greatest noise not about the content of Wilson's budget, but about the fact that it was leaked to the press on April 26 and then released to the public by means of a press conference, instead of in a speech to Parliament, which is the usual practice.

In the past, finance ministers responsible for leaking budget figures or documents have resigned in Canada, as in Britain, where Hugh Dalton was forced to resign in 1947. But External Affairs Minister Joe Clark, a former prime minister, said that Wilson, "for whom respect is too high in the international banking community" to demand his resignation, would not.

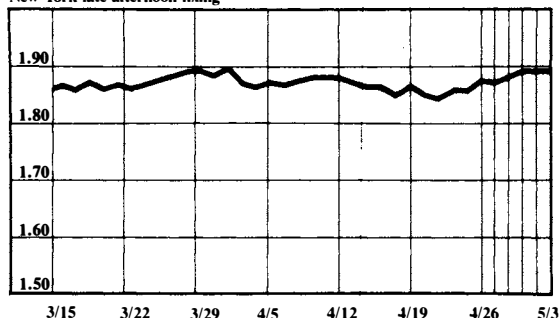
Prime Minister Mulroney stated, "If he had offered it, I would have turned it down." The government insists the leak came from a criminal act (theft), which Wilson was the victim of, so he should not have to resign.

While debate rages over the leak, the government is using its majority to push through the budget, as it did the free trade bill. That piece of legislation, the Canada-U.S. Free Trade Agreement, happens to have enshrined, for the first time in Canadian treaty law, "obligations under the IMF" for Canada (and for the U.S.), stating that certain national decisions must be made "in a manner consistent" with these multilateral "obligations." The principle of obligation to the IMF, codified there for the case of trade, is being applied by the Canadian government to the entire national budget, defense included.

Currency Rates

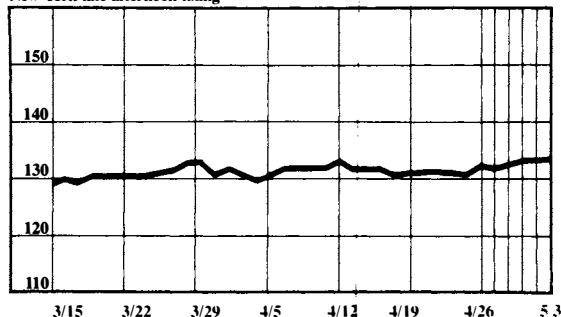
The dollar in deutschemarks

New York late afternoon fixing



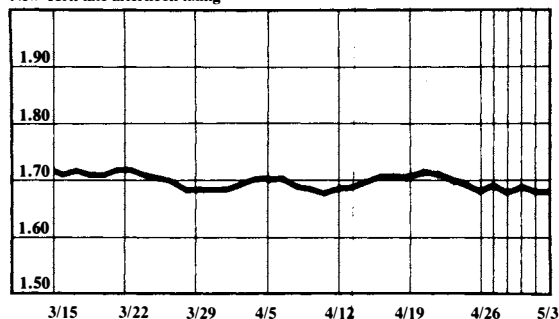
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

