

*Adjournment Debate***BUSINESS OF THE HOUSE**

**Mr. Knowles (Winnipeg North Centre):** Mr. Speaker, I rise on a point of order. I wonder if there is someone on the government side who can tell us what we will do tomorrow. Will we continue with Bill C-4 or with something else?

● (2202)

**Mr. Blais:** As I understand it, Mr. Speaker, we are going to continue with Bill C-4 to its conclusion and then proceed with Bill C-26.

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**PROCEEDINGS ON ADJOURNMENT  
MOTION**

[English]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

THE CANADIAN ECONOMY—VALUE OF CANADIAN DOLLAR—  
INTERNATIONAL INVESTMENT IN CANADA

**Mr. Sinclair Stevens (York-Simcoe):** Mr. Speaker, the matter which brings me into the adjournment debate tonight stems from a series of questions I put to the Minister of Finance (Mr. Chrétien) on March 7, 1978, which appear at page 3512 of *Hansard*. These questions dealt with the declining international confidence in Canada's economic future and the effect that lack of confidence has had on our bedraggled dollar. It is the continuing story of our shrinking dollar.

In a nutshell, I asked the minister on March 7 how it was that confidence in Canada had sunk to such a low that commercial loan companies such as Traders, IAC and GMAC required high credit ratings and lower borrowing rates than the federal government itself. I asked the minister also how it was that our foreign reserves had been allowed to become so vulnerable to the activities of international traders in Kuwaiti and elsewhere that one Kuwaiti investor had put the federal government on the run in their attempt to defend the dollar. How many more billion dollar investors were there, I asked, holding relatively short term or medium term securities that might be thrown on the Canadian market, wreaking havoc on the international exchange markets as far as our Canadian dollar was concerned?

As might be expected, the minister's answers to these questions, like his handling of the entire dollar crisis, was sadly deficient. In effect, he tried to shrug it off as some mere rumour.

I want to put on the record tonight that commercial loan facilities did get cheaper 90-day money on March 7 than the federal government, and that international investors have managed to sabotage government attempts to defend the dollar. The fact that the minister is either uninformed about

[Mr. Smith (Churchill).]

the developments or unwilling to discuss them rationally only serves to undermine confidence in our country all the more.

Let there be no doubt, Mr. Speaker, the head-in-the-sand pronouncements of the Minister of Finance have already led to a significant loss of faith in this country and our dollar. This was clear as long as October of last year, when we had the last dollar crunch. On October 13, 1977 a *Globe and Mail* article reported that international investors were "confused" over the government's policies. I quote:

The confusion over official policy was increased by Finance Minister Jean Chrétien's repeated statements that the government does not intend to defend any particular rate for the Canadian currency . . .

" . . . when you have a floating currency, you have to let it float" Mr. Chrétien said.

The article concluded that many people believe that the inaction on the devalued dollar reflects unresolved policy differences within the government. Mr. Speaker, it was obvious then, as it is clear now, that this unfortunate minister's misstatements have contributed to rather than alleviated the dollar crisis. Such lack of confidence in the ability of the government is justified when you consider the response of this administration to the entire affair. Today, for example, the government is busy trying to convince Canadians that the devalued dollar is good for us. What nonsense, Mr. Speaker. The fact is that a lower dollar means higher inflation due to higher priced imports. Dropping 14 cents in relation to the U.S. dollar means a 4 per cent hike in the inflation rate; that is, 4 per cent on top of whatever inflation we already have built into the system. Is this good for Canadians?

If the 89-cent dollar is so good, why did the administration fight so long to keep it at par? Why did they encourage Canadians to borrow \$15 billion in foreign funds so that the dollar would be kept stable? If it is good to have an 89-cent dollar, then it must have been wrong to have a \$1.03 dollar before. If an 89-cent dollar is good, would not a 79-cent dollar be even better? Think what a 29-cent dollar could do for us.

● (2207)

The fact is that our dollar has been routed, and the only defence the administration has is to point out that a cheaper dollar will help our exports. But this is a little like Napoleon rationalizing his retreat from Moscow—it was good for the troops because they wanted to see Paris anyway. The whole world knows, and even the Minister of Finance must realize it some day, that a falling dollar such as we have had in Canada is bad for Canadians. Some day he will have to admit that.

I believe that tonight his parliamentary secretary should be required to give a fuller explanation why they are now trying to rationalize that a bad thing is something that is in fact good. The British tried this. The British devalued their currency three times. They were consistently fed the syrup this government is feeding to the Canadian public, that somehow a devalued dollar would restore the economy.

This government has treated our economic problems with aspirin. At one time we were told wage and price controls would solve inflation. We were told controls would give us 4