

Currency Devaluation

response of workers and firms so far has been to accept the initial price and cost disadvantages arising from a depreciation. This significantly improves the probability that the depreciation of the Canadian dollar will be the foundation for new industrial activity rather than the source of a new wave of inflation.

Again, Mr. Speaker, this is far from the doom and gloom kind of news that this debate was intended to purvey to the Canadian public.

We are already witnessing renewed strength in business investment. Contract awards, industrial and commercial building permits and new orders for machinery and equipment all point upwards. During the last year inventories have gone down while shipments have started rising rapidly. The result is a demand for increased production to rebuild stocks.

Despite a general slack in the economy, some industries are already running into supply constraints. Steel, pulp and paper, lumber, shoes and textiles are running at or close to full production.

Our manufacturing sector has become a source of real strength in the economy during the last 12 months. Capacity utilization, which was at 83.6 per cent in 1977, expanded to 87.4 per cent by the fourth quarter of 1978. Output is up 9 per cent over a year ago and manufacturing employment is up by nearly 7 per cent, or 125,000 jobs. How can we relate that kind of information with the information put on the record by the Leader of the Opposition and his five financial critics who are members of the financial variety club opposite? I just do not understand it, and I think there comes a point at which the Canadian people do not understand it either.

● (2020)

An hon. Member: Try us.

Mr. Martin: Earlier this afternoon the Leader of the Opposition quoted from a speech by Mr. McLaughlin, but he just quoted one of the negative parts of it. Mr. McLaughlin and the governor of the Bank of Canada disagree on the benefits of the lower exchange rate. That is fair enough. They are both knowledgeable and able people. On balance, however, the governor of the Bank of Canada probably has a heavier and broader responsibility than Mr. McLaughlin. After all, he is protecting the interests of Canadians at all income levels whether they be bank shareholders or ordinary workers on assembly lines. His responsibility is much more complex than that of Mr. McLaughlin.

In his speech to the 110th annual meeting of shareholders on January 11 Mr. McLaughlin stated:

From a world perspective, the standard of living and the quality of life for virtually all Canadians remain very, very high. Our land is at peace. We walk the streets safely. Our institutions are increasingly responsive to local concerns. Governments are remarkably free from corruption. We have freedom of speech and a level of political liberty unrivalled anywhere. We may judge the level of governmental expenditure to be excessive, but we have reason to be proud of our care and concern for the disadvantaged in society.

I might interject that government expenditure is not nearly as excessive now as it would be if the official opposition took over.

[Mr. Martin.]

He went on to say:

We have fine educational institutions. We have a business community which has high standards of honesty and social responsibility, as well as vigour and efficiency. We are rich in natural resources, have a skilled work-force, and are one of the world's major trading nations. Our growth continues to outperform most other countries around the world.

Some hon. Members: Hear, hear!

Mr. Martin: I cannot find any strong background to support the doom and gloom information being put forward by the so-called experts opposite, the finance variety club of five. I just do not know where they find information to show that the lower exchange rate is doing us so much harm. One hon. member wants higher deficits, and another wants lower deficits.

I suppose in diversity hon. members opposite find some strange strength. They are all over the map. They do not know where they are going. They have no policies to put forward, so they take a day of this parliament to debate the exchange rate. One of them suggested—I think it was the hon. member for York-Simcoe (Mr. Stevens)—that the rate should go to 90 cents. Last year he was not in favour of a rate of 90 cents. I do not have quotations here, but he was asking questions in the House and indicating that it was a disaster that the Canadian dollar should go to 90 cents. Now he thinks it should be 90 cents. What does he want?

How does the hon. member for York-Simcoe propose to bring the dollar up to 90 cents? Does he propose artificial mechanisms to move it immediately to 90 cents? Does he propose a fixed rate of exchange? Let us hear from hon. members opposite. What are their proposals regarding the Canadian dollar? All they are doing now is criticizing, and their criticism falls on deaf ears more and more across the country because Canadians, by and large, know that they are benefiting at this time from a strong Canadian economy. They know they are benefiting from the strong leadership of the Minister of Finance and of this government.

Some hon. Members: Hear, hear!

Mr. John C. Crosbie (St. John's West): Mr. Speaker, let me start by clearing up one matter. I think the hon. parliamentary assistant said that I called him a liar earlier today. If I called him a liar, what I meant was that he was a Liberal trying to stay in power. That is what I really meant. I know there is very little difference, but I will withdraw the statement he was a liar. He is a Liberal desperate to stay in power, and he will twist and squirm as they all do and as they are doing today to do that.

Mr. Gauthier (Ottawa-Vanier): Who are you, Crosbie?

Mr. Crosbie: This is a motion that is being treated with the utmost contempt by the government. It is a motion that deals with a serious subject, asking the government to give parliament an opportunity to investigate the loss of confidence in the Canadian dollar and the government policies that have reduced our currency to its lowest level in 40 years.