

Finance

internal buoyancy of whatever it is that is floating. The Minister of Finance (Mr. Chrétien), ever since he took over in September, has had one refrain only. His policy has been to keep the Canadian dollar floating. Last October 8, he said: "When you have a floating dollar, you have a floating dollar". Does it sound familiar? It should. He said the same thing tonight.

But is it? Is it really staying on top as a result of its own buoyancy? It is not. The minister is not only wrong, he is being deliberately wrong in the House. He knows that one year ago, for instance, the Canadian dollar in U.S. value was worth \$1.03. In October, 1977, in the last crisis, it fell to 91 cents. Within the last week it dipped to its lowest point since 1931; it fell to just under 89 cents. Canada's dollar is not floating, as the minister says, it is sinking.

The reason it has sunk, in spite of massive financial bolstering by the Bank of Canada, should concern all Canadians. First, the Canadian dollar is sinking because we have increased our imports much faster than our exports. Our wages and our prices have been rising faster than those in the United States. Yet our productivity is lower. What happens? We cannot compete at home where imports are continuing to take up a larger and larger share of what Canadians buy and we cannot compete in the export market which is essential to Canada to make up the large Canadian borrowing from abroad.

Second, the Canadian dollar is sinking, not floating, because Canadians are travelling around the world in growing number and fewer and fewer foreign and Canadian tourists are travelling in Canada.

Third, the Canadian dollar is sinking, not floating, because we lack a national energy policy; we have become too dependent on foreign oil. Only a few years ago we exported more oil than we imported. Nothing is being done by this administration to reduce that dependence.

What has been done by this government? It has tried to solve our trade and travel deficits with high interest rates and tight money. This has encouraged Canadians to borrow abroad or to sell their companies to foreigners. Obviously this has added to the problem by hugely increasing the future interest payments we have to make to the rest of the world.

The fourth reason the Canadian dollar is sinking, not floating, is that we are mortgaging our children's future, and this has also accelerated the continuing loss of control over our own economy. However, let us get back to the floating dollar, that dollar which is staying on top because of its own built-in buoyancy. If it was not such a tragedy, the answer would be to laugh at the minister. This country is surely bleeding to death financially right now. Just after this minister took over, things really started to deteriorate. Tonight he compared the activities of the last few days with what happened last October. He said—and he is quite right—that there really has not been much change since last October.

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In October of 1977, about 40 days after this minister took office, the Canadian dollar hit the lowest international value it

had fallen to in 20 years. Was October, 1977 such a bright spot and such a shining example in our monetary history that it should be a standard with which we compare everything else? That is just what this minister did tonight. The situation was so bad in October, 1977 and the Bank of Canada was so alarmed at the buttressing and bolstering the Canadian dollar needed, that in November of last year the government had to arrange a special \$1.5 billion stand-by credit with Canadian banks so that it could be dipped into if the situation deteriorated further.

"But," says the Minister of Finance in his by now tired old speech, "when you have a floating dollar, you have a floating dollar". By any standard, even the standard of the minister's own advisers, that floating dollar stopped floating with that very announcement. The announcement of that stand-by credit was the signal, obvious to all, that the government desired to keep the dollar from falling below 90 cents, and its purpose, motive and intent was to slow that disastrous speculation against Canadian funds which had already started. Government advisers in the minister's own department readily admit this. Bank of Canada officials agree with it. Industry and banking experts are quite open about it. But the minister continues on: "When you have a floating dollar, you have a floating dollar."

An hon. Member: You are being disgusting.

Mr. Lawrence: One other matter that foreign exchange traders point out is that because of the lack of national trade, national tourism, employment, productivity and agricultural policies Canada is going to continue to run into the red.

We have a current account deficit of about \$5 billion a year. This has been going on for some time. That means we are spending more in international trade and terms than we are taking in, to the tune of about \$400 million per month every month. What was the answer of the government? I think the government tried. The answer had to be a campaign to convince international investors and traders that we were capable of turning the situation around ourselves. Our Prime Minister (Mr. Trudeau), who has been very conspicuous by his absence here tonight, was prevailed upon by his own advisers to make a few economic pronouncements. The market remains skeptical. The Prime Minister certainly turned nobody on. The Minister of Finance (Mr. Chrétien) was still repeating the same old speech: "When you have a floating dollar, you have a floating dollar."

Twice since January the minister went down to New York. Both trips were absolute disasters. The minister appeared so unknowledgeable and he was so insulting in his attitude that the dollar was still floating when, of all people, people in New York knew the Canadian dollar was not floating, that within hours of each trip the pressure built up even further against the Canadian dollar.

In spite of massive transfers by the Bank of Canada of reserves to bolster and buttress our dollar, the run was on. The point was reached late last week right in this House when, in answer to a question, the minister again, to almost everyone's