

Borrowing Authority Act

• (1550)

The Canadian dollar today is viewed as a basket case. Some people in the marketplace call it the banana because they see Canada approaching the status of a banana republic. It is a joke to those people but I can tell you, Mr. Speaker, it is not a joke to me because I have some pride in this country. I want to see the economy run better than in most other countries. It could be but it is not, and the reason is the failure of this government to address the problems which are within our control. If we were having problems but had some economic growth and lower levels of unemployment and inflation, I could accept that. However, I think the minister probably saw in this morning's paper that the Bank of International Settlements said Canada is dead last in productivity growth. You do not have to be a good economist to understand what is going wrong. You do not have to understand the intricacies of the economy. The fact that the Canadian dollar has gone from 1.02 six years ago to the current level of 78.39 says it all. And the bad management starts right here with this deficit we are talking about today.

We have in our country today, Mr. Speaker, and indeed around the world, a crisis of confidence in this country. I would like to read what Mr. W. A. Wilson said about this in a recent article:

It seems beyond dispute that a restoration of confidence is this country's greatest single need at the present time since little economic improvement is likely to start within Canada while confidence is as low as it is now.

Don McGillivray, also a respected columnist, said:

The government's most critical shortage today is credibility.

We have to rebuild that credibility and confidence in the country. But the government comes to the House of Commons and says: "We want to borrow \$6.5 billion. Give us the authority, but we cannot tell you how much more there is to come. There will be more but we cannot tell you now." What does that say to people who are looking for some indication that this government knows what it is doing? It says nothing. The Prime Minister and the Minister of Finance are doing nothing to restore that confidence.

The Minister of State for Finance (Mr. Bussières) said in his opening remarks that Canada's economy is particularly vulnerable today to international economic forces. So why is not the government and the Prime Minister trying to restore that confidence? All the Prime Minister has been doing these past few weeks is to flail away at the U.S.; it is all the fault of the Federal Reserve Bank. On the weekend he said NATO was the problem. At the same time he and the Minister of Finance ignore the problems here in Canada. The Prime Minister's stated efforts at Versailles clearly failed. He went to Versailles to get a change in the monetary policies of the U.S. government and he failed. At the same time he comes back and tells those Canadians who are losing their jobs on a daily basis and struggling with high interest rates that there will be no major change in policy. If he felt so strongly that Versailles was the answer, how can he come back to Canada and sit on his hands and say business as usual, there will be no significant change in the policies of this country?

Let us look at the Canadian dollar as the focal point of so many of these problems. It in itself is the major problem facing Canada today, because the decline in the dollar leads to higher interest rates which affect all Canadians. The decline also reflects a tremendous outflow of capital to create jobs in other countries at a time when we have 1.5 million unemployed. Why is this happening? People in Canada feel very strongly about some things, one of which is their retirement income. People set aside money each year for their retirement, and when they see that little nest egg threatened by policies which lead to inflation and a decline in our standard of living, they take refuge in stronger currencies. Businesses small and large see their future threatened by this government's policies and they move their money out in order to spread the risk around. Sometimes they move their entire investment out of the country.

Just to demonstrate that I am speaking in real terms I want to put some numbers on the record. Last year direct investment in Canada by non-residents showed a net loss of \$5.3 billion. At the same time Canadians made direct investments in other countries totalling \$4.9 billion, for a \$10.2 billion outflow. That compares with the previous two years of around \$2 billion a year. Then there are the small amounts of money which are too small to be picked up by the statistics-gathering people. Last year that amounted to about an \$8.4 billion outflow, compared again to a level of about \$2 billion a year in the previous two years. So the total amount of money which left Canada in 1981 was \$18.6 billion as against an average of about \$4 billion, or 4.5 times the previous level. Just to put that figure in context, it represents about 1.5 times the total amount of money we spent in Canada on housing. That amount of money could create a tremendous amount of employment in this country. That is the sort of thing that has been going on in response to the policies of this government.

• (1600)

Why is there no confidence in the Canadian dollar? I have said this before and I will say it again, again and again. Why is the Canadian dollar weak? First, there is the National Energy Program; second, the attitude toward foreign investment; third, the budgetary proposals of last year; fourth, the high federal government deficit; and fifth, the federal-provincial squabbles. All of those things are causing pressure and are at the heart of the record outflow of capital to which I have just referred.

If those policies are turned around, the outflow of capital would be turned around and we would see that money surging back into the country. This would alleviate pressure on the dollar and it would alleviate pressure on interest rates. It would create employment in the country where we need it the most. I see the parliamentary secretary is shaking his head.

Mr. Fisher: I will not agree with that.

Mr. Wilson: The parliamentary secretary does not know what has happened. He does not understand what is going on in the country today. I suggest the parliamentary secretary