

Currency Devaluation

Ottawa did seem to be two quite different things. In my view, this has been part of the reason for the fall in the Canadian dollar.

Mr. Speaker, that accusation against the government comes from the head of the Royal Bank. We in our party, as members of the opposition, were right to show our concern about these last minute interventions which never did succeed in supporting the dollar anyway. The motion we are dealing with today stems directly from that fact. Of course, other factors have contributed to the fall of the Canadian dollar. I said earlier that our lack of competitiveness and the fact that our costs were no longer competitive had weakened our economy and therefore our currency. Obviously, having to rebuild our reserves and to borrow outside the country to do so has placed us in a very unfavourable position.

I would like here to quote again from the comments of Mr. McLaughlin, still on the subject of government interventions on the exchange markets. He said the following:

However, the experience of other countries has shown that whatever supportive action was taken, the currencies always ended up by falling back to the level where the market placed them.

And Mr. McLaughlin concludes his assessment of the present situation in these terms:

Government interventions are not only ineffective, but often harmful.

In support of this assessment, I would like to recall the effects of the numerous and unsuccessful interventions of the Bank of Canada on the exchange markets. On October 17, 1978 the Minister of Finance (Mr. Chrétien) introduced a bill in this House to ask that the borrowing power of the government be increased by \$7 billion for this financial year and set at \$10 billion for the year 1979-80. There was a reason for this sudden thirst for money: an increase in the borrowing power had become necessary because of the borrowings made outside the country.

The future does not look very encouraging for our dollar. Where and when will this decline finally stop? We would all have a hard time predicting this. For all Canadians who import more than 25 per cent of the goods they consume, the immediate effects of the situation are not pleasant. The government seems to hope that this decline will bring immediate advantages in the export sector, that our economy will bounce back and that this will result directly in lower unemployment. However, the demand for our products, which are mostly raw materials from the mining and forest industries, will not increase overnight. Besides those two sectors are closely linked to the fluctuations of the market and must face a very strong competition. Furthermore, the international economic outlook is quite discouraging. Experts are even forecasting a recession in the United States in 1979. If a strong demand for our products fails to materialize, we will have to lower our interest rates in order to stimulate new investments. Mr. Speaker, this government is presently preparing its next electoral campaign. Naturally it talks a lot about separatism and national unity in order to make Canadians forget its failure at solving an

[Mr. Allard.]

economic crisis which is worsening month by month. It is quite obvious that it is once again preparing itself to mystify the people of this country.

Mr. Speaker, why speak about unity in such a large country as ours, divided as it is into very different regions? In the first place, we are divided when it comes to politics and religion yet the government ignores completely the only element likely to bring harmony within this country from the Atlantic to the Pacific, from north to south. That element, Mr. Speaker, is our economy. Our Canadian dollar is indeed the same coast to coast. It is just about all we have in common from one province to the next.

This government fails to assume control over the monetary system to allow each region and each individual to feel certain that in his country, whatever his origin or his language, he will enjoy fairness and understanding and will be able, according to his abilities, to benefit from the enormous riches of Canada without hurting anybody. In my opinion, Mr. Speaker, that is one of the few solutions we have before us to restore confidence within our people who will be best able to judge for themselves and realize their privilege of living in a beautiful and great country such as ours, where harmony and peace will be based on our dollar as a common denominator. There is an urgent need to determine where we find ourselves now and where we are headed with the haphazard policies of this government.

● (1710)

[English]

Mr. James Gillies (Don Valley): Mr. Speaker, I am really pleased to participate in the debate this afternoon. I have never seen, since I have come to parliament, a greater indication of why we must have an election right away. If the quality of the speech we heard from this government today is an indication of their thinking on the economic problems of this nation, then certainly the country is in serious trouble and needs a change of government as soon as possible.

How incredible it is, when the Canadian dollar is at an over 35-year low, or at a 110 year low if you take the annual average, for the Minister of Finance (Mr. Chrétien) not to be here, for the Prime Minister (Mr. Trudeau) not to be here, for the new super minister of the board of economic development not to be here! What is parliament for? Why are we here? Are we not interested? Is this not a significant enough problem to be debated by the leaders of the government? Can we not have a serious debate on economic policy in the parliament of Canada? Does the government have no one to put up to speak on these issues except the Minister of Transport (Mr. Lang)? Everything that this minister has touched has gone wrong. This is the Minister of Transport who could not run an airport policy, the minister who could not run a wheat policy, the minister who practically created a constitutional crisis in his handling of the airport controllers situation, a minister who rises here and makes some sort of second rate, high school quality political speech, at a time when the official opposition