

Currency Devaluation

Leader of the Opposition is being irresponsible when he makes such a bald, unfounded statement. The trouble is that people outside the country may not know how little attention they should pay to the Leader of the Opposition when he makes such statements.

Some hon. Members: Hear, hear!

Mr. Alexander: When has the Minister of Finance (Mr. Chrétien) ever been correct on any forecast?

Mr. Lang: The governor of the Bank of Canada told the committee what everyone in the House and the country should know concerning the question of the value of the dollar or any currency. He said that people react to every bit of news around; they react to every bit of news about possible separation or anything one would like to see. He indicated that people would react if someone irresponsibly said that there will be foreign exchange controls.

On February 3, the hon. member for York-Simcoe was quoted in the Toronto *Star* as having heard in Ottawa that there was a government contingency plan on controls. That was completely false, completely irresponsible. Even if the hon. member had real knowledge about such a matter, as a responsible member of the opposition he should have avoided saying so.

Some hon. Members: Oh, oh!

Mr. Lang: Without the facts to support it, he made a statement which had impact upon the Canadian dollar.

Some hon. Members: Oh, oh!

Mr. Lang: At the present time many Canadians believe that the Canadian dollar is undervalued. At the time prior to the election of the separatist government in Quebec, many Canadians felt that it was overvalued. At that time we were going through a series of fairly high wage settlements, and we were deeply concerned about the impact upon our productivity and competitiveness. We reacted with a program of wage and price controls which turned the corner on that inflationary spiral. As we emerge from controls and are moving into lower figures of inflation, we know we must continue restraint in wages and prices to keep competitiveness under way.

One of the serious matters faced by the country which has an impact upon the value of the dollar and the confidence of investors is the existence in Canada of a separatist government espousing policies to change the entire economic framework of the country. The uncertainty surrounding that fact was not improved when the Leader of the Opposition indicated that he would negotiate a sovereignty association with the government of the province of Quebec; the Parti Québécois were dancing in the streets of Quebec. Perhaps later the hon. Leader of the Opposition was not sure whether that was what he said, but he did not deny saying it. The hon. member for Rosedale (Mr. Crombie) knew that his leader had said it and repeated it until it was clear to every Conservative member that such a policy was unacceptable; then it was rejected. What I am highlight-

ing is the irresponsibility and complete lack of control by the leader of the Conservative party over what he says, over his partners in specific areas of responsibility in that party, and the damage it can do.

The Leader of the Opposition did not speak about his deficit. Once again he talked against the federal deficit. He pretends to see a way of cutting 60,000 public servants which he thinks will save some money. However, he talks about a bigger deficit to stimulate the economy. Why did the Leader of the Opposition put himself in that position? It was because it was put to him that he had, in his various perambulations and speeches, promised income tax cuts of \$2 billion immediately and a mortgage deductibility plan of \$4 billion over three years. Incidentally, that plan can be dressed up as an attractive tax reduction, but it will benefit the rich more than the poor. It is pure fraud and deceit if it is not accompanied by some word concerning from where the money will come to make up the \$4 billion in mortgage deductibility. Were will the money come from?

The hon. Leader of the Opposition likened his program to the American one. Canadians should take note of a warning concerning his proposed program: in the American program a capital gains tax on homes is in place. Perhaps that is where the hon. Leader of the Opposition has in mind getting the funds. The government would not support that policy in any circumstances.

Mr. Gillies: That is not a fact.

Mr. Lang: On January 8 the hon. Leader of the Opposition appeared on a CTV program. He was asked the following question:

You talk about \$4 billion over three years on a mortgage deductibility with \$6 billion in other tax cuts. How are you going to get over this deficit?

The Leader of the Opposition answered as follows:

The basic question is: how do we get over the deficit? You get over a deficit two or three years from now by having a slightly larger deficit now. There is no way around that.

That is what started the business of who said what.

Mr. MacEachen: Then we heard from Darcy McKeough.

Mr. Lang: As the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen) said, the well known Conservative, Darcy McKeough, the former treasurer of Ontario, said:

I sincerely trust and hope that my national leader, Mr. Clark, and his advisers have been misquoted when they talk about the possibility or desirability of bigger deficits.

● (1610)

The hon. member for York-Simcoe did not wait. He told the press immediately that what the hon. Leader of the Opposition (Mr. Clark) meant was that there would be a deficit for maybe two or three months, and we have not been told how it is going to work. In all this openness which they want there is this phantom deficit with no information as to how it will work.