

Oral Questions

● (1425)

[English]

I am sure Hon. Members will join with those who have spoken this afternoon in a vote of thanks to all those young men who risked their lives to expunge the evil from Europe. I would ask all Hon. Members to remember as well the women who worked to make the battle a success, and the women who lost sons, brothers, and husbands. For them too, D-Day is a traumatic memory.

For all of us, D-Day will long live in its full glory as an epic day which epitomizes the sacrifices that democratic peoples are willing to make to preserve the values of civilized society. I particularly draw attention to the remarks of the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie), because those sacrifices were made for generations to come. I cannot bring before the House the sort of testimony which the Hon. Member for Yukon (Mr. Nielsen) can bring. I was but four years old at the time. However, I can say that we have lived upon the bounty which has resulted from that level of human sacrifice.

Some Hon. Members: Hear, hear!

Mr. Speaker: Perhaps we might observe a minute's silence in memory of those who fell.

[Whereupon the House stood in silence for one minute.]

Mr. Speaker: Order, please. Would there be unanimous consent to extend the Question Period until thirteen minutes past three?

Some Hon. Members: Agreed.

ORAL QUESTION PERIOD

*[English]***THE ECONOMY****EXCHANGE VALUE OF DOLLAR—INTEREST RATE LEVELS**

Hon. John C. Crosbie (St. John's West): Mr. Speaker, because of the importance of this question yesterday I would like to direct it to the Acting Prime Minister. He will know that yesterday the Canadian dollar fell to its lowest value in history in terms of the U.S. dollar, to 76.79 cents. The previous low was on June 29, 1982, when it fell to a value of 76.80 cents. At that time the Government had to raise Canadian interest rates five percentage points higher than the U.S. rate to stem the flow of funds to U.S. dollars. That is what had to be done to stop the devaluation of the dollar.

Today our prime rate is 12 per cent and the U.S. rate is 12.5 per cent. The Minister of Finance said that he was not spending his nights worrying that the dollar was 81 cents in March. Is the Government worrying now that the dollar is under 77 cents? Would the Acting Prime Minister tell us

whether the Government will act to protect the dollar? If so, how? Will the Government put interest rates up past the present 12 per cent?

Hon. Roy MacLaren (Minister of State (Finance)): Mr. Speaker, I think the Hon. Member opposite knows very well that it is not our practice to speculate on interest rates or indeed on the fluctuating value of currencies.

● (1430)

The Hon. Member also knows very well that during the past few days the value of the United States dollar has strengthened not only against the Canadian dollar but against most other major currencies. At the same time, however, I would note for the Hon. Member that the Canadian dollar has also strengthened against most other major currencies. In fact, if the Member wants to engage in his almost minute by minute speculation about the Canadian dollar's value, today it has strengthened again. The basic consideration is the strength of the Canadian economy, which has meant that Canadian interest rates during the past year and one-half have been very close to and in a few cases less than those in the United States. That is a development in our economy that I am sure the Hon. Member opposite would want to join with us in welcoming.

OUTFLOW OF CAPITAL

Hon. John C. Crosbie (St. John's West): Mr. Speaker, it is useless to expect a frank and clear answer from the junior Minister of Finance or from anybody on the government side. We cannot get any firm declaration of the Government's economic policy with respect to the dollar and what it is going to do.

In the first quarter of this year we had a huge capital outflow. Direct investment of \$500 million left this country. Unidentified outflow was \$1 billion. That is added to the \$34.8 billion in capital that left this country in the last three years, 1981, 1982, and 1983. Does the Minister agree that the real reason the dollar is sinking is because of these huge capital outflows? If he does not agree, what does he say is causing this constant devaluation of the Canadian dollar? How does the minister propose to stop these outflows and this devaluation which has reached the lowest point ever in our history? Even the 1930s did not match it.

How does the Minister propose to stop these outflows and get the economy back on track again other than by the resignation of the Government? We know they will not contemplate that.

Hon. Roy MacLaren (Minister of State (Finance)): Mr. Speaker, the Hon. Member asks about government policy with regard to the value of the Canadian dollar. He knows that on many occasions in the past we have indicated in the House that the value of the Canadian dollar is related to interest rate movements in the United States. If interest rate pressures in the United States are upwards, Canadian dollars will flow from Canada into the United States seeking short-term higher