

Currency Devaluation

That is the problem we have, a problem which the government is not facing. What did we hear from the Minister of Finance when he was asked a question about the fact that he is doing all the borrowing abroad? He said, "We are doing this because the provinces are not borrowing abroad as much as they were." In other words, he encouraged the provinces and municipalities to borrow outside Canada. When I was minister of finance in Newfoundland, they were advising the exact opposite—

Some hon. Members: Oh, oh!

Mr. Crosbie: I remember when the gentlemen up here were telling the Newfoundland government, "Do not borrow abroad, it is too dangerous. My God, you have a \$200 million deficit, do not borrow any further." Here they are with a \$12 billion deficit, they are the worst managers of the Canadian economy ever, giving us this advice. Now they are advising the Canadian provinces. "Borrow abroad all you can. Save our bacon for God's sake. Do not borrow in Canada, go outside, never mind the exchange rate."

Here is one of their own documents by Mr. Fullerton, a Liberal supporter, entitled "Quebec's Access to Financial Markets". At page 9 he shows that of the provincial debt, \$70.4 billion, 43 per cent is already owed outside Canada, or \$30 billion, and he points out that Quebec, which owes a total provincial debt of \$17 billion, because of the part that the province borrowed outside Canada will require \$19 billion to repay that debt.

Because of the exchange rate which has gone against the Canadian dollar, Quebec and the other provinces borrowed U.S. dollars years ago, they borrowed in Switzerland and they borrowed in West Germany, and because of the mismanagement of this government, it has cost them four times as much to pay off their debt now as it did when they borrowed the money. That is the danger. The government does not care about that.

In his study Mr. Fullerton points out the following:

Thus a recorded debt for Quebec of \$17 billion, based on Canadian dollars received, would at current exchange rates require \$19 billion Canadian to repay it. The exchange rate swing also affects interest costs, raising the nominal interest bill on Quebec's direct and guaranteed debt by some \$200 million to its current level of about \$1.5 billion . . . but the recent experience does demonstrate the risks inherent in foreign borrowing.

These gentlemen are trumpeting that they are borrowing abroad because the provinces and municipalities are not doing so. In other words, they are saying to the provinces, "Gentlemen, go borrow abroad." Now they have a policy according to which they want Canadians to borrow abroad to save their goods. We owe \$106 billion abroad, a net \$53 billion. Do you know, Mr. Speaker, that up to 1977 the country's net international debt rose \$18.2 billion, an amount that previously it took us 15 years to reach? Now they want us to go further with it.

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When they are not borrowing abroad, they want individuals and companies and provinces and municipalities to take all the

risks of the exchange rate, a tremendous risk which we have demonstrated, where the Canadian dollar now is depreciated 40 per cent in terms of the German mark and 40 per cent or 50 per cent in terms of the Swiss franc or whatever the Swiss currency is. If one borrowed there five years ago or ten years ago, it would cost two or three times as much to pay back the money. They are telling us today to go ahead and borrow abroad to cover up their own mistakes and errors.

We have only a short time to speak here. The board of economic refugees are not even here to speak tonight. Where are they? Where is the president of the board of economic refugees? Where is the Minister of Industry, Trade and Commerce? They are ashamed to come here. Where is the Minister of Finance? He is scouring down to Washington. Where is the Minister of National Revenue and Minister of State for Small Business? He has fled the place. Where are their economic ministers?

An hon. Member: Where is your leader?

Mr. Crosbie: Where is the Minister of Consumer and Corporate Affairs (Mr. Allmand)? "Allmand" is not even all there, and he is certainly not all here. What about their forecasts, their inaccurate forecasts? Who can believe the outcasts, as I call them, of the Minister of Finance? They are not forecasts, they are outcasts. He says that it is going to be a 5 per cent growth rate. Then it turns out to be 4 per cent, and then it turns out in truth to be 3 per cent. He says that we are going to have a \$5 billion current account surplus on merchandise trade and then he says "\$4 billion." Then it turns out to be \$3.5 billion. He says that the inflation rate is going to be 6 per cent. Then he changed it to 7 per cent, and then it turned out to be 9 per cent. He said that this year it is going to be 6 per cent. Then he said it is going to be 7 per cent, and now it is going to be 7.5 per cent. That is the Minister of Finance of this country. It is a wonder the Canadian dollar has any value at all.

Some hon. Members: Hear, hear!

Mr. Crosbie: If they had any shame, they would go to the Governor General now and clear out. Governor Bouey can only treat the symptoms. To treat the cause of the disease, the people of Canada have to do that. They are the only ones who can do it. They can cut out this canker. They can amputate this incompetence, this mismanagement, this arrogance, this bunch who have brought Canada to its lowest economic state ever. The people of Canada can do that. If they have any guts at all, let us go to the people now, right now. While they are looking at the entrails of the land, the Gallup polls, the "Goldberg" polls, the "Goldenberg" polls or whatever polls they are looking at, they should get their courage up and go to the people so that we can start dealing with the problems which face this country. I say they should get the white feather. They should not come in here with a red rose. They should come in here with a white feather. That is what they deserve. They are afraid of the Canadian public. They are afraid of the Canadian people.