value of the Canadian dollar month after month and day after day.

This question of confidence is very important because if the government continues to pretend that there is no problem and everything is fine when the dollar drops month by month, and if the government continues to pretend that we have a floating dollar when that float has to be supported with billions of dollars, confidence in the Canadian economy will be reduced even more than it has been.

Part of the enemy is a failure of policy, and I intend to come back to that later in this debate. But part of the enemy also is uncertainty about what this government is going to do. The government should surely understand by now that secrecy creates uncertainty, that a pretence of a float creates uncertainty, that a failure to explain policy or a refusal to answer legitimate criticisms all create deep uncertainty, and that that kind of uncertainty will drag down the Canadian dollar deeper and deeper.

That is precisely why we have been seeking a full-scale parliamentary inquiry into this situation. An inquiry would allow us not only to hear from the governor of the Bank of Canada and the Minister of Finance, when Liberal members allow questions to be put, but it would also allow us to examine the testimony of Mr. McLaughlin and other experts and representatives of investment houses and banks.

We need an opportunity to make public some of the evidence which exists in relation to the effectiveness or the failure of the policy which is being followed. As a parliament and as a people we must also examine publicly some of the other policy options which are open to us. Perhaps we should be considering special export mechanisms like the DISC program introduced in the United States when its balance of payment deficit proportionately was only one third as large as ours. We certainly should be reviewing sectors where our own domestic economy is very heavily dependent on imports to see whether there are ways—whether through special "buy Canadian" programs, temporary import surcharges or other mechanisms—by which we can encourage more substitution of imports by Canadian-made products. We should also be examining ways to improve our tourist account, offer new incentives to attract foreigners to Canada, more effective packaging of Canadian travel for Canadians and perhaps examine some existing proposals to allow Canadians to spend their own money while winter vacationing in the sun.

Unfortunately, this government refuses to face up to the problem, and so it does not want parliament to examine policy options. Canadians are left to suffer the price of the weakest dollar in more than 40 years and the risk that it will drop deeper, dragged down by the uncertainty this government's attitude engenders.

I want to deal with some of the substance of the problem we face now. I think it is agreed by people who know the situation Canada faces that the Canadian dollar will remain vulnerable to downward pressure as long as there is a large current account balance of payments deficit. Canada has suffered current account deficits averaging $4 billion in each year from 1975 to 1978 inclusive. Since 1976 the trend has been upward. Forecasters expect a larger current account deficit in 1979 than in 1978. The problem is not getting cured, it is getting worse, and the reasons are clear. The deficit on trade in services has been growing by an average of $1.1 billion a year for the last four years. Even under the most optimistic of assumptions, the growth of that deficit will continue to be very significant in the future.

As I said earlier, just to keep the current account deficit from increasing the merchandise surplus must grow by $1 billion per year. Despite devaluation, the surplus did not achieve that growth in 1978. Most private sector forecasters do not see a $1 billion improvement in the surplus in 1979. Even though Canada is achieving record merchandise surpluses, these surpluses are simply not adequate to stop the current account deficit from rising, let alone reduce it.

The government has offered no forecast which indicates that the current account deficit can be reduced in the medium term. I understand that the Minister of Transport (Mr. Lang) will be replying later. Perhaps he will give us that and other forecasts. Thus the government can provide no evidence which suggests a more stable dollar in the future, and even if Canada were to achieve a series of quite remarkable improvements in merchandise trade over the next five years, we have no indication at all whether our trading partners will tolerate sustained large Canadian merchandise surpluses.

[*Translation*]

The devaluation of our Canadian dollar these last 27 months had a greater impact on the Canadian economic performance, for better or for worse, than any budget put forward over the last four years. Although a number of exporters praised the admittedly stimulating nature of devaluation, both importers and consumers suffered from a lower dollar. When we realize the scope of the devaluation, we are amazed at the lack of discussion of the consequences.

The Minister of Finance usually supplies forecasts of the impact of his proposals. The minister for instance did forecast that the sales tax reduction at the retail level would lower somewhat unemployment. He predicted the reduction in the manufacturers' sales tax would reduce inflation by 0.5 per cent. These programs had minor impact relative to devaluation, but there is no government member who is not ready to give details on the pros and cons of devaluation. What is the actual and forecasted share of devaluation in the inflation rate? In terms of stimulation, what is the Canadian dollar devaluation worth? Would a still lower dollar generate sufficient merchandise trade surplus to reduce the current deficit in the current accounts?

• (1550)

[*English*]

Those are some of the questions that have to be asked but which the government refuses to answer. When one looks at the strategy that has been followed by the government to defend the dollar, one finds there are three main elements: