

*Supplementary Borrowing Authority*

30 per cent. We find precise reasons to allow organizations to increase their prices, whereas the workers will not have the right to have an increase exceeding 12 per cent.

This is, Mr. Speaker, a flaw in the system, and I say to the Minister of Finance (Mr. Macdonald) that he will never fight inflation to the ground with bills such as the one we have in hand, Bill C-80. He will never subdue inflation as long as those who control money and credit will not be controlled. They should be controlled first, but the Minister of Finance pretends not to hear, he does not listen, he does not hear; it makes no difference to him provided the Canadian public let themselves be drugged by bills which enable the government, on the pretext of doing something necessary for Canada, to engulf further the Canadian people.

Mr. Speaker, Bill C-80 is going to pass, because the government has the majority. There was a discussion between House leaders to have this piece of legislation prepared and put forward. It is not a complement, it is not a new invention. In Bill C-69, things were not clearly established, they were on the shady side of constitutionality, unlike in Bill C-80, which gives the government permission to borrow up to \$2 billion, but I would like the minister to tell us where he is going to borrow the money and how and for what reasons, apart from public works.

Mr. Speaker, it would be good if we knew once and for all what is the purpose of the borrowings the government intends to make. Will the government be borrowing from the Bank of Canada without interest, or at an interest rate covering administration? Will the government be borrowing from chartered banks, or will it borrow in the United States? It would be good if the minister took note of these three points—the Bank of Canada, the Canadian banking system, or American financiers. Where will we be borrowing, for what period of time, and at what interest rate?

[English]

**Mr. Deputy Speaker:** Is the House ready for the question?

**Some hon. Members:** Question.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

On clause 2—*Power to raise loan of \$2 billion for public works and general purposes.*

**Mr. Lambert (Edmonton West):** Mr. Chairman, perhaps I might make a small correction to the material I put on record in the course of the discussion on second reading. I should like to bring it up to date. I stated that the outstanding indebtedness as of November 12 was some \$37 billion. According to the Bank of Canada report of December 4, on December 3, 1975, there was a total outstanding of \$38,041 million. This was made up of \$6,200 million in treasury bills, \$15,939 million in Canada savings bonds, and \$15,902 million in all other direct and guaranteed securities.

The reason I want to put these figures on record is to draw attention to the preponderance of government savings bonds. We are aware of the average rate which has been quoted for these bonds; they are to yield just under 10

[Mr. Caouette (Témiscamingue).]

per cent for the next 10 years or so. It may even be longer. People talk about lower interest rates for housing. Where will they come from? The government has put itself on a hook by issuing Canada savings bonds this year which are to yield around 10 per cent for over 10 years. There is bound to be the cost of administration over and above that, so I cannot see federal government interest rates getting below 11.5 per cent unless there is a drastic cashing-in of those savings bonds because people do not wish to maintain them for the sake of accumulating interest.

I would hope one might find a little more diversification. These Canada savings bond campaigns provide short-term cash for the government. Certainly the bonds are more attractive for the investor because on every \$100 bond he will be paid nearly 10 cents on every dollar for holding them, since they are immediately cashable at the bank. Indeed, I suppose that a bearer bond is easier to cash today outside a bank than a \$100 bill would be. Has anybody tried to cash a \$100 bill lately in a general business or store?

**An hon. Member:** You cannot do it.

**Mr. Rodriguez:** I never have one.

**Mr. Lambert (Edmonton West):** In any event, I thought I would put those corrections on the record. I hope the clause will now pass.

**Mr. Peters:** Mr. Chairman, I was interested in the discussion which took place on second reading. I am glad the hon. member for Winnipeg North Centre and the hon. member for Edmonton West made it possible to separate this issue from a supply motion. I am grateful for the information provided by the hon. member for Edmonton West and his explanation of the way in which some of the borrowing is made. This fitted in very well with the observations made by the hon. member for Témiscamingue and his charge that much of this borrowing is highly inflationary. He indicated that Canada savings bonds accounted for \$18 million, guaranteed borrowings amounted to \$15 million, and there was another \$18 million worth of savings bonds, presumably at the same rate of interest. In other words, there is a sizeable amount of money there.

● (1620)

Under the old system we were informed how such money was raised and spent. Although the members who sit on the various estimates committees may have some idea how the money is spent, the system does not allow members of parliament an over-all look at government expenditures. Up until now it has not allowed an over-all look at government borrowings, and this bill does not allow it either.

Perhaps we should adopt the Social Credit philosophy of printing the money we borrow, making it unnecessary to go to the lending institutions. It might be more advisable to do just that. Let us print the money, put it into the national debt, just as we do in time of war and for other purposes, and then if we get the money back through taxation we can take it out of circulation again. We would then not contribute to any inflationary spiral by borrowing money. It is foolish for the government to say it will cut