

Borrowing Authority Act

I hope this government will accept my leader's proposition and sever this bill.

● (1652)

[Translation]

Mr. Eudore Allard (Rimouski): Mr. Speaker, recently without further ado, the Minister of Finance (Mr. Chrétien) introduced a very short bill, not all that thick, which will have such serious effects that Canadians are entitled to know the state of our national affairs. In the bill, the government is requesting a small amount of \$7 billion to complete the current fiscal year and, as a cushion for the beginning of next year, a small additional amount of \$10 billion. This is considered as an urgent and important measure by the government. Mr. Speaker, an emergency session has been going on since October 11, 1978, the opening date of this parliament. Since the beginning of our proceedings in the House, we have held emergency sittings on the postal service, we have considered an emergency bill about shipping on the Great Lakes and today we have before us an emergency legislation on the unquenchable thirst of a government that wants to borrow, a careless and inefficient government.

Mr. Speaker, this emergency bill comes as confirmation of the fact that our economy is in very bad shape and the government is totally incapable of a sound administration. The government announces last minute measures and tries to ram them through as quick as possible. We do not have any economic policy nor any economic incentive program; we only have last minute measures, which all in all means a policy of improvisation. We have before us a government which is exhausted and which proposes to contract an unprecedented debt, a perpetual debt, for what is left of the fiscal year. The government requires an additional borrowing authority for \$7 billion. This is a fantastic sum, given the time period for which it is allocated. In other words, if all Canadians are to share this amount each family will end up with an additional debt of \$1,000, and that is over a six-month period only. And these billions will not be transformed into special programs or improvements which the population has a right to expect. They will be used only to pay back old borrowings and the interests on them.

Mr. Speaker, the discount rate has been raised to 10.25 per cent, an unprecedented rate for the Bank of Canada, apparently to strengthen a dollar which nothing seems to stabilize. As a result, the prime rate for Canadian chartered banks went up to 11 per cent and we are led to believe that it will probably reach 11.25 per cent and even 11.5 per cent between now and next December.

This horrendous increase in the interest rate is really concerning. Has the government not been taken by surprise by its own policy? Has it not been forced to readjust its interest rate on new saving bonds issues? The day before yesterday newspapers referred to a third drop in one week at the Toronto Stock

[Mr. Dick.]

Exchange, the most important in Canada. And what is the reason for this drop according to analysts? Mostly the rising interest rate. The situation is therefore uncertain. When even our own financiers have no confidence in our economy, how can we expect foreign investors to regain confidence in our money? That staggering increase in interest rates will surely have a disastrous impact. We already see some examples of that. The impact is already obvious in the residential construction area.

During the last session, we have increased the Export Development Corporation's capital to allow them to make loans to many countries which are not always, as one would believe, poor countries. Those loans are made at very advantageous rates, much more advantageous than the rates we can get from various government loan programs within the country with the rates we have now. For the economic development of our great and beautiful country, for the development of our resources, we must call for huge capital investments.

Those funds will, of course, be supplied by the financial institutions and chartered banks which control that market. What will happen to those huge projects as a result of those consecutive increases in the rates of interest? Possible investors, especially small ones, will prefer to wait till the situation has again become normal before going ahead and investing their capital. Canadian businesses, already weak, will grow even weaker and will soon give under the weight of that new burden grown too heavy, while attempts are being made to help them, through all sorts of measures like those the minister responsible for small and medium businesses announced last spring.

That situation points out the fact that the monetary and fiscal policies of the government do not agree. They give to businesses with one hand and remove with the other. As our economy is in danger, this is no time to announce measures that smell of electoral promises. Nor is it the time to go deeper into debt. The burden of our national debt is already heavy enough to carry.

In short, that borrowing power adds substantially to our debt and, anyway, was not expected at the start of the year; it will mortgage us for years to come. How then can we remain financially solvent? When we think of the interest of \$18 million we pay on our debt every day, and of our debt that increases visibly, we must of necessity think of future generations, of our children and our children's children who will have to face tremendous difficulties. How can anyone explain this bill otherwise, Mr. Speaker, a few weeks before a budget is brought down? For we all know here that the Minister of Finance (Mr. Chrétien) will shortly be bringing down a budget for the current year.

How can we not be reticent when faced with the amount of interest the government will have to pay if parliament passes the bill which is before us? Just when will the Minister of Finance finally announce tax measures which will speed up our