

is being put on the cuff. Between \$11 billion and \$13 billion represents funds being spent by the government to cover the current shortfall incurred with regard to operations which will have to be paid for by generations to come. What a legacy to inherit! Future generations will have to pay for the government's mismanagement and ineptitude in choosing to run our financial affairs so badly.

Again, to put this issue into perspective, on May 25, 1976 we did see a proper budget introduced. At that time the minister of finance disclosed that the total financial requirement of the government, including those of Crown corporations, was \$1.5 billion. That was for the fiscal year 1975. Tonight, four years later, we are told \$11 billion will be required. Mr. Speaker, the climb has been sensational. In the 1976 fiscal year, the total sum the government needed to cover the shortfall in its operations was \$4.6 billion. In 1977, the total was estimated to be \$4.7 billion. In 1978, the fiscal year which will shortly be running out, we are told the total amount required is \$8.8 billion. Mr. Speaker, no other nation is incurring such a huge deficit and cash requirement in terms of its population, the total federal government's spending program and the gross national product. That is the truth. It is time those Liberal backbenchers stopped giggling over there behind their ministers, stopped blindly supporting those ministers and asked a few questions. Why have they tolerated the type of deficit which is being incurred?

Why did the minister choose to make this revelation tonight? There may be members who are curious. Why did he choose tonight to spell out the cash requirement for 1979? The truth is, he was told to do so. He was told to make this disclosure by the bankers of New York City. They said he was bound to disclose exactly what was to happen in Canada in 1979. They said to him, in effect: "You may be able to fudge these figures as far as the people of Canada are concerned, but we need to know the facts."

I refer now to the preliminary prospectus which was filed in New York and particularly to the pages in that prospectus dealing with the public debt. Pages 18 and 19 spell out more clearly than the government has ever done what the problem is. It is revealed in this document that as of January 1, 1978, the total direct debt of the federal government was \$49.7 billion. This compares with \$29 billion in 1973. In the short period of six years they have run up our debt by \$20 billion. Tonight we are told they are still spending, or at least attempting to borrow, \$7 billion for which they received authority in March, 1977, \$9 billion for which they received authority to borrow in November, plus another \$5 billion they are wanting us to approve tonight. Mr. Speaker, the Department of Finance seems to have lost control over the budgetary process.

Unfortunately, it is not only the present generation which will be paying for this spending spree the government has embarked on; it will be future generations as well. Not only is the direct debt of the government revealed, but the document also shows that at the end of December, 1977, Crown corporations had borrowed \$1.2 billion and that indirect guarantees to which the government is committed amount to almost \$21

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billion. In short, if we put together the various debts and guarantee obligations of the government we find, according to this document filed in New York, that the government has got us into something exceeding \$75 billion of debt.

**An hon. Member:** Disgusting!

**Mr. Stevens:** Those are the facts, and rather than come to parliament and make the statement he has made it would be better if the minister were to tell parliament why the government has got into this mess, why it has run into this cash requirement it is now obliged to disclose. Surely the House is entitled to find out exactly the height of the debt ceiling the government presently contemplates.

If we agree to extend the borrowing authority by a further \$5 billion, where will it all end? We know from the records filed in New York that the borrowing they have used up already amounts to something like \$75 billion. If we add the figure to which the minister has referred tonight the ceiling will be hovering around the \$85 billion mark. We should be told clearly exactly what obligations the government intends to run up on behalf of the Canadian public.

Not only has the government incurred the debt to which I have referred, but it has done something which, to my mind, is intolerable: it has monetized an increasing amount of the debt it was incurring. Last year, the Bank of Canada was forced, because of the cash requirement shortfall, to buy from government nearly \$2 billion of further obligation in the name of the government of Canada.

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At the end of December of last year, the total debt owed by the Bank of Canada in government of Canada securities was \$10.225 billion. As I said, that is approximately \$2 billion more than at the end of 1976. But let hon. members put that again in perspective. When the emperor became the Prime Minister of this country, when the Prime Minister took over the reins of government in 1968, the total Bank of Canada holdings of government securities amounted to \$3.8 billion. From \$3.8 billion they have increased to something over \$7 billion, and the hard fact is that that is what people call monetizing the debt. There is no mystery about inflation in this country. Since the government took power, real growth in Canada has been 55 per cent. The government has created, largely through what I have referred to as the monetizing of debt, 156 per cent more money in the country. Is it any surprise that we have had 100 per cent inflation since the Prime Minister took the reins of power? I ask urgently that all members of parliament, before they vote to give the government still further borrowing authority of \$5 billion ask themselves why we are getting into such a lopsided debt position when we were told, as we are still being told by the government, that we are doing relatively well. If this were not as strong a country as it is, we could not withstand the inept management of a government such as we have.

**Mr. F. A. Philbrook (Halton):** Mr. Speaker, thank you very much for giving me the privilege of speaking on Bill C-31, the