propose further cutbacks in areas where there should not be cutbacks.

This is all part of a Liberal plot. Anyone who attacks these "high profile" cuts will be told that they should not oppose cutbacks, but there are many departments and agencies in which cuts could be made. There are about 400 federal government departments and agencies, some of which we have never heard of, which are serving no useful purpose at all. They could be eliminated, but what does the government do? It cuts forestry research expenditures. The forestry research people have not completed all the research that is required. The government is also eliminating weather stations. This is all trickery. That there might be meaningful cutbacks is an unlikely prospect, but cutbacks cannot be ruled out, given the sudden shifts in economic policy this government has been making. Lower expenditures may mean that this borrowing authority is excessive.

While most observers think our currency is undervalued, a further decline in our dollar is a realistic possibility. Further borrowings may be required. If one accepts the minister's claim that foreign currency borrowings require new borrowing authorization, then the present $7 billion authority being sought might be too little.

I would like to talk about the proliferation of public debt. Total borrowing authorities requested for the fiscal years 1978, 1979 and 1980 are $38 billion. That is unbelievable. When this government took over in 1963 total federal government expenditures were only about $6 billion. Now we are talking about $38 billion in borrowing authority. If this authority is fully utilized, the unmatured debt of Canada will be 90 per cent higher in 1980 than it was in 1977. That is unbelievable.

There are parliamentary secretaries and others who stand up in this House and tell us how wonderful things are and that we should not talk about this because it is doom and gloom. All they want us to do is keep rubberstamping bills to allow the government to borrow $7 billion, $10 billion and on and on. Everything is just fine as long as the government can borrow more money. That is the Liberal rationale, and it is totally irresponsible.

The parliamentary secretary says that we will have a difficult job going into the next federal election explaining that it is wrong to keep on borrowing money. I will have no trouble with that, and the Liberal in my riding will lose his deposit. The rate of public debt expansion to which I referred will be unprecedented in peacetime history. Interest costs for servicing the public debt are skyrocketing. Debt charges will be much higher than they have been. The Parliamentary Secretary to the Minister of Finance (Mr. Martin) says we will have a difficult job explaining that in the next federal election. I will have no trouble explaining that. These new borrowing authorities will guarantee that the debt interest spiral will continue. The only way this government wants to govern is by borrowing more money, printing more money and spending more money.

Extensive foreign borrowings are a short-term solution but they create long-term problems. Federal foreign borrowings undertaken in the last year must be repaid. The interest charges on the debts will add 5 per cent to Canada's interest and dividends trade deficit.

[Mr. McKenzie.]

I see, Mr. Speaker, that you are on the edge of your seat, so I will bring my remarks to a close by making it perfectly clear that I will not be voting for this bill or in any way supporting this irresponsible borrowing.

● (2022)

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I would like to say a few words on this borrowing bill and to reiterate our concern about the difficult situation in which we find ourselves with the ever increasing deficit which we are running. For instance, in the two years from 1966 to 1968, the net financing requirement of the Government of Canada was for $2,578 million; from 1969 to 1971, the financing requirements were for $3,671 million; from 1972 to 1974, the financing requirements were for $3,271 million; and from 1975 to 1977, they were for $14,334 million. The projected figure for 1978-1979 is over $20 billion; that is not taking into account the foreign borrowings with which this bill is dealing.

I think these figures are significant. For instance, in the two years from 1969 to 1971, the deficit amounted to $3,671 million, or an average of $1.8 billion a year. The g.n.p. for this year is projected to be around $260 billion, but in 1971 constant dollars it was only $130 billion. So, in effect, our deficit is around five to six times what it was in 1971, based on the value of the dollar that year.

I think we should also remember how the government, through inflation, has taken a great deal of money from bond holders. It has filched that money from them through the mechanics of inflation. For instance, a $1,000 bond bought in 1971 would only be worth $500 in buying power today, based on the present inflation rate. How long can we continue to be bond holders if we are rooked this way? Taking out a Canada bond is an invitation to certain loss, because not only will the bond purchaser see the value of his bond depreciate by 10 per cent a year, but he will also be taxed on the interest, so that he will not even be able to keep even.

When the Government of Canada, in the two years from 1972 to 1974, had a deficit of $3,271 million, the Bank of Canada purchased $2,172 million, or 66 per cent of that deficit. It meant that the bank just monetized the debt. It did not take the money from the public or out of its savings, but merely printed money to carry us through. What we must keep in mind in discussing this amendment to the bill is: Will the Canada Savings Bonds which are now being sold be taken up? Will we have enough in borrowings to cover the $10 billion to $11 billion necessary for this year, and how much money will the Bank of Canada print? I suspect the amount will be pretty substantial.

It is obvious that the inflationary pressures are continuing. In today's issue of the *Globe and Mail*, an article in the report on business is entitled "Money growth rate causes concern." It is written by Hugh Anderson who states the following: