

estimates, the average rate of interest paid on unmatured debt will be near 7.5 per cent in fiscal 1976 compared with nearly 7.1 per cent in fiscal 1975. Hon. members should note that particular fact, and certainly the public as well, in that already we are seeing the influences of inflation at work for 1976.

The average interest rate on government indebtedness this coming year is expected to be 1.5 per cent higher than it is this year. All that means is that private individuals, investors and corporate investors expect inflation to be that much higher because they are hedging their investments. If the remaining months of the current fiscal year show an increase in the level of unmatured debt while the interest payment figure remains constant, then the effective rate of interest will decrease. Further supplementary estimates for interest charges while the debt remains constant, or drops, will increase the rate of interest.

We should have had the opportunity of discussing the total debt of the Government of Canada at this time. However, the way supplementary estimates are handled through committee, and because the Minister of Finance (Mr. Macdonald) can only appear at this time for a matter of about an hour and a half, it is almost impossible for any hon. member to do any questioning with regard to this subject. I hope that when we get to clause 1 we will go into the subject a little more deeply than is indicated in the statement of the minister.

I recommend that the House give this bill second reading so that it can go to committee of the whole, and that we agree that under the circumstances this afternoon we dispose of the bill entirely so that it may go to the other place and the government can be in a position to meet its financial responsibilities.

There are two bills before the finance committee this afternoon dealing with financial institutions. There is another one down the road, there is a report in the works with regard to metric conversion, and this is all to be dealt with by Friday. There is no possibility that this bill could go to the committee and expect to make it back to the House by Christmas, even if we sat there until the night of December 23. Under those circumstances, I urgently ask hon. members to examine this bill. The government has acknowledged that it committed an error and did something it should not have done. It tried to do something—perhaps it was induced by other factors, or was trying something on—but there was no way out and the best thing was to come clean, as the minister has done this afternoon. Let us get on with repairing the damage and then deal with other legislation.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I do not intend to be very long at second reading of this bill. I wish, however, to put a few questions in committee of the whole. The bill before us will give the government the power to raise up to \$2 billion by way of loans for public works and expenditures for general purposes. At the outset I should like to say that we are not talking about anything new: this is a routine, government borrowing bill. The government will be going to the money market or we are authorizing it to issue more Canada savings bonds, and so on.

Supplementary Borrowing Authority

In the past, this parliament has controlled the expenditures of the government by voting on new programs, by discussing the estimates and passing or amending them, by voting interim supply and supplementary estimates, and so on. So we have, in essence, made commitments to spend a certain amount of money in the fiscal year 1975-76. The government must now find the revenue it needs to carry out those programs. There is a shortfall, the government has to meet that shortfall, and at this time it does not have the authority to raise the money it needs. Therefore, I think this bill is pretty straightforward.

I understand that one reason we are dealing with \$2 billion is that the government does not really feel it will need \$2 billion, but some unforeseen circumstances—for example, changing exchange rates—may take place between now and the end of the fiscal year which will perhaps require the government to borrow up to \$2 billion. That is my understanding. There are two or three things I wish to mention. Perhaps some of the money that is to be raised would not be necessary if the government considered some cuts in expenditures for the last three months of the fiscal year. I know there is about to be an announcement with regard to expenditure cuts in the next fiscal year, but we still have a few months to go in this one and perhaps all of us here could agree some programs could be eliminated or reduced which would save millions of dollars in this fiscal year.

For example, if the government is to get rid of Information Canada next year, why could it not do so a few months ahead of time and save some money in January, February and March of this fiscal year? There are several other programs like that on which the government could perhaps save money. It then would not have to go out and borrow money, pay high interest rates and increase the national debt. Another thing we should consider, when we have a shortfall in revenue, is revising the taxation system. I am still firmly convinced there are many tax loopholes which some wealthy people and some corporations can walk through. If the tax system were revised along the lines recommended years ago by Carter, there would be greater revenues.

● (1550)

Mr. Speaker, I am concerned about the increase in the national debt and I am concerned about high interest rates in this country. When we talk about borrowing money, be it the federal government or any other government, we should look at the financial system and interest rates; we should get into a discussion about lowering interest rates and about foreign exchange controls. However, I do not want to take up the time of the House with a detailed discussion now, Mr. Speaker.

When I look at the question of borrowing money, I want to know why it is being borrowed. I do not want to see funds borrowed for general operating purposes or something that is not going to produce a return for the people of this country. For example, if money is borrowed to pay civil servants or electric bills or fuel bills, that seems to me an expensive proposition. If you borrow money for a capital asset, as Premier Blakeney is doing in New York to develop the potash industry in Saskatchewan, that will give the people of the province additional revenue in years to come. This was done by the former government when