

Borrowing Authority

Let us look at what we presently have in terms of deficits. In the seven months beginning this year, and I am going by the real figures, \$72.5 billion was spent. That was approximately \$3 billion more than the previous year. In the same period, revenue was up by about \$6 billion. In going over the figures of Department after Department, and I wish to name some of them, I have found that expenses are down for the Departments of Employment and Immigration; Energy, Mines and Resources; Fisheries and Oceans; Labour; Public Works; Regional Industrial Expansion; Secretary of State; and Transport. We have been carrying and controlling the expenditures of Government by making sure that we receive value for every dollar that is spent, not because we wish to be niggardly or because we wish to cut back on the people who are employed, but because we have to. If we do not cut back on expenditures, more money will have to be borrowed. We have cut back rather dramatically on expenditures.

The Hon. Member for Trinity referred to bonuses to public servants who make their Departments run more efficiently. Somehow that is supposed to be the wrong idea. I suppose good public servants should not be rewarded for running their Departments more efficiently. Somehow it is a heresy that competent, progressive, capable people who bring about efficiency for their Department should not be rewarded. The Liberal Party would reward incompetence. The Government rewards competence, capability, honesty, and progressiveness.

Last year the House granted the Government \$22.6 billion in borrowing authority. The Government had problems in western Canada, and the Finance Committee has heard about the problems in connection with the collection of taxes from the major oil companies. The tax collection from the major oil companies was down \$1.5 billion. Also there were problems in the west with respect to the prices of grain, and the fact that the PGRT was completely abolished, but still continued with the obligations in connection with PIP grants. In spite of all that, the deficit rose, and for this year's operations \$24 billion has to be borrowed.

In addition to that, in order to stabilize the currency, it was decided to put some money into reserves. One of the problems Canada has had for some considerable period of time is that the former Government ran down the foreign exchange reserves. This Government could run them down, I suppose, but not by much. It was decided that the reserves should be built up. This year the Government doubled our foreign exchange reserves and built them up to over \$6 billion.

The \$3.6 billion of borrowing authority required in this Bill for this year alone is to make up for the shortfall, and to make it possible for the reserves to be replenished. Replenishing the reserves is not increasing the debt of the country, because it is more money on one side of the balance sheet and more debt on the other side, but there is an asset to cover the liability.

If there are no reserves, there must be a line of credit with an American bank. For a long period of time Canada had lines of credit with American banks. That was the idea of the former Minister of Finance, the Hon. Marc Lalonde. He went

to the American bankers and gave them a quarter of a percentage point for a line of credit. If there was trouble with currency, we whipped down south and borrowed money. That line of credit cost money.

Taiwan has \$40 billion in reserves, and Germany has \$55 billion in reserves. Canada managed to put \$6 billion into reserves. That is not enough. We should have a stronger currency position. Our currency is traded world-wide. The other day our committee was in New York talking to the international bankers. The bankers in New York said that we in Canada should not sell ourselves short. They said that our currency was the fourth most traded in the world after the U.S. dollar, the British pound, and the German mark. It was not the French franc or the lira or the yen, but the Canadian dollar. It is important that the Canadian dollar be strong, that the Canadian dollar be preserved or protected. It is also important that we have those reserves. That is one of the reasons for the borrowing authority Bill.

• (1640)

I have not heard anyone on the other side talk that way. They are just yammering and stonewalling a Bill because they do not really understand it. It is an obligation on the part of their finance critics to understand it, not just talk about matters of no importance.

I should like to turn to the other portion of the Bill. The financial requirements this year, according to the Budget, are \$21.3 billion. They are down from last year. For the year just ending, the financial requirements were \$24 billion. Next year they will be \$21.3 billion. This is a substantial reduction in financial requirements. We have asked for that \$21.3 billion in Part II of the Bill, plus an additional \$3 billion as non-lapsing borrowing authority. They sit back and ask why we want this non-lapsing borrowing authority. It is simply because we must ensure that our financial affairs are strong and that when needed we can step into the market-place to borrow money to stabilize our currency and keep our reserves in line, that is, to do those things which a Government that understands its obligations to its people must do. We need that non-lapsing borrowing authority.

In the course of this year in managing matters we have used up the non-lapsing borrowing authority. We had \$2 billion available. It has been used up. It cannot be reinvigorated. The \$2.6 billion in the Bill to help the situation lapses at the end of this year, so the only non-lapsing borrowing authority we will have will be the \$3 billion in Part II of the Bill. It is necessary to have it.

Do we hear opposition spokesmen—the Liberal finance critic, the NDP finance critic, and the Ministry of State for Finance critic of the Liberal Party—say anything about the Bill or talk about the Bill? No, they ask why we cannot spend more. How are we to spend more and not borrow more? They say that we cannot borrow, so go out and print it. They say that we cannot tax any more. What are we supposed to do—not spend it or print it, or plant a tree and pick the fruit?