

*Borrowing Authority*

when they could have been getting on with the business of Canada.

The Minister of Finance may want to take credit for himself and the new government, through Bill C-10, for asking for the power to borrow \$7 billion for the fiscal year ending April 1, 1980; whereas in Bill C-7 as it was originally presented by the previous government last fall, authority was sought to borrow \$10 billion to cover cash requirements for the same period. This portion of Bill C-7, as the House will remember, was dropped at the insistence of the Conservatives. They said that there should be no authority granted by Parliament to borrow for the 1979-80 fiscal year before a budget for that period has been presented.

The bill as passed, therefore, authorized additional borrowing only for the 1978-79 fiscal year. But are the Conservatives in this Bill C-10 showing greater restraint in the borrowing they asked to have authorized by Parliament for the 1979-80 fiscal year than did the previous bill of the Liberal administration? I submit they are in fact not showing more restraint at all.

I will tell the House why I make this submission at this time. Let us start by noting that more than six months of the current fiscal year have already gone by and yet this new Parliament first sat only two weeks ago. There has been no Parliament since the election was called last March. How did the government get the money it needed for its operations, the money required to fill the gap between its revenues and its expenditures during this period, almost all of which, except for a few days, was part of the current fiscal year beginning April 1, 1980? After all, Parliament, before it was dissolved, had not approved any supplementary borrowing authority for the 1979-80 fiscal year.

Did the government make use of authorities to borrow previously authorized by Parliament and which it could still use? The minister suggests that they did. Did the government use cash balances on hand and borrowings carried out in the previous fiscal year? I am told that at the beginning of this fiscal year, April 1, 1979, the government had cash balances on hand of \$6.4 billion. As of August 1, 1979—the latest date for which figures are available—these cash balances had declined to \$2.7 billion. This means that \$3.7 billion of these cash balances were used to finance government operations over the past six months. I am also told that during that period there was, in addition, total new net borrowing of \$2.8 billion. This means a total of \$6.5 billion from government cash balances and new borrowings were used to finance the cash requirements of the government since April 1, 1979.

This new Conservative government in Bill C-10 is asking for authority to borrow \$7 billion to finance its operations for the balance of the fiscal year. This means that a total of \$13.5 billion will have been either spent or borrowed by the government or will be available to be borrowed by it to finance its operations and to meet its cash requirements during this current fiscal year. However, the Minister of Finance last July, in his major economic statement, said he was forecasting cash

[Mr. Gray.]

requirements for this fiscal year of only \$10 billion, and he confirmed this again today.

Therefore, I submit that in asking for \$7 billion in this bill, the minister is asking for \$3.5 billion more than he has so far demonstrated he and his government require. That is a lot of money, especially when one calculates the interest at 11 per cent to 13 per cent to be paid on this \$3.5 billion—all of which will have to come from the pockets of individual Canadian taxpayers—because of the high interest rates consented to and supported by this Minister of Finance and this government.

Why has the government in Bill C-10 asked for borrowing authority which, when added to the \$6.5 billion I have mentioned, would give it \$3.5 billion more than it needs to fill the gap that the Minister of Finance forecast last July would exist between government revenues and expenditures? If I am correct in my analysis, Bill C-10 is not an example of new Conservative restraint, it is just the opposite. In effect, it is asking for \$3.5 billion in excess of any requirements the Minister of Finance has forecast and, as a result, there is \$3.5 billion in padding.

● (1540)

This is the request he made in the bill he presented to us. This is \$3.5 billion for which the new Conservative government does not have to account to Parliament through seeking new express authority for that amount of borrowing. The Conservatives have professed to stand for and be committed to treating Parliament with more respect, to making government more accountable to Parliament. Yet the first bill concerning financial matters that they have presented to Parliament, if my analysis is correct, appears to have done just the opposite. They have not been open. They have not made themselves more accountable.

The Minister of Finance just showed his contempt for Parliament and its committees by saying that if the Standing Committee on Finance, Trade and Economic Affairs wants him, he will come when he is in town and after the governor of the Bank of Canada appears. As far as he is concerned, the committee and this House have to dance to this tune. That is a fine way to show respect for Parliament. It is just the opposite to what they profess, Mr. Speaker.

One can ask, Mr. Speaker, exactly why they are seeking to follow a course of action which gives them more than \$3 billion in padding—an authority to borrow for which, as yet, they have given no justification or accounting. I can see two possible reasons. One is that the government now has forecasts, which it has not given us, that economic growth for the balance of the fiscal year will be lower than what the Minister of Finance said it would be in his economic statement last July. If this is the case, it means that government revenues also will be lower for this period than he has forecast. This means the government will have higher cash requirements and a higher deficit than it predicted. Therefore, it will have to do more borrowing than originally intended.

There is another possible explanation of why the government is asking for borrowing authority of \$7 billion, even