

Supplementary Borrowing Authority

the Government with total borrowing authority for this fiscal year of \$21.1 billion, less than the \$22.2 billion which I referred to. Furthermore, foreign borrowing, excluding the use of the standby lines of credit, has, on balance, used some \$0.9 billion of the borrowing authority provided for this fiscal year.

In his statement to the House the Minister of Finance made it clear that, from the estimates he had presented, further borrowing authority would be required before the end of the fiscal year. The Minister stated that he intended to present a budget to the House early in 1983 and at that time would review the fiscal situation and seek additional borrowing authority as required.

I would like to draw the attention of Hon. Members to the fact that projections of financial requirements are made exclusive of future foreign exchange transactions. Recently the dollar has been firm; the Canadian dollar cash balances have been used to accumulate foreign exchange reserves. Foreign exchange markets can be extremely volatile and can have a major impact on the Government's operations. If the Canadian dollar were to continue firm, foreign exchange operations would result in further acquisitions of foreign exchange and cash balances would be depleted. This would necessitate a larger debt program to replenish the cash balances and would speed up the use of available borrowing authority. On the other hand, if the Canadian dollar is weak, exchange operations would run down official holdings. This would create the possible need to draw on standby credit. This too would accelerate the use of borrowing authority.

As a matter of interest to Hon. Members, I would like to set out the Government's debt program so far in the current fiscal year and the amount of borrowing authority that has been used to date. Before doing so I would like to reiterate and remind Hon. Members of the view the Minister expressed Wednesday, that he did not anticipate any problem for the Government in carrying out its debt program or that it would create difficulties for other borrowers. In fact, private borrowing has been very weak through the first half of the year while savings rates have been at very high levels by traditional standards. As a consequence, there is clearly no shortage of funds to satisfy the borrowing requirements of both the private sector and the various levels of Government. Indeed, given the current circumstances, it is appropriate that the Government provide the support to economic activity through its deficit, and the Minister in his speech dealt with that at length.

Up to November 1 the Government will have used a total of around \$8 billion in borrowing authority, leaving \$9.1 billion of the original \$17.1 billion unused. The use of the borrowing authority is made up of \$0.9 billion as a result of foreign borrowing and \$7.1 billion as a result of the domestic debt program. The foreign borrowing represents U.S. \$750 million borrowed in the Eurobond market last June and a partial redemption of a Deutschmark maturity earlier in the year. The domestic debt program comprises approximately \$5.2 billion raised through the issue of treasury bills, \$3 billion through the issue of marketable bonds, while Canada Savings

Bond redemptions have reduced the amount borrowed by an approximate \$1 billion.

The 1982-83 Canada Savings Bonds campaign is now underway and we expect that this will use up a major proportion of the remaining unused borrowing authority. However, even though we expect that the amount of unused borrowing authority now available will cover expected net sales of Canada Savings Bonds, it is nonetheless exceptionally difficult to fine-tune Canada Savings Bonds sales results. There are about 13,000 branches of financial institutions across the country acting as CSB sales and issuing agents and it is not possible to determine the exact aggregate amount of bonds they have sold at any point during the two-week campaign period. Up-to-date sales results have to be projected using sampling techniques which contain an element of error. In view of this uncertainty, Mr. Speaker, Section 3 of the Bill states that the new borrowing powers will be enforced on November 1, 1982. This provision has been used in the past to ensure that all Canada Savings Bonds sales are covered by unused borrowing authority.

● (1640)

Putting the request, Mr. Speaker, in the context of the present economic situation and the comments of the Prime Minister (Mr. Trudeau) and the Minister of Finance, the economic situation that our country is facing has been outlined recently by the Prime Minister in his remarks on national television. He outlined how Canadians are facing this problem together, as witnessed by the support for the six and five program contained in the budget in June. This program, as we know, is designed to achieve recovery and reintroduce strength into the economy.

The choices that the Federal Government faces are clear. We could, as the Prime Minister said, wring out inflation by brute force, cut billions from Government spending. We believe, of course, that such a course would be disastrous. We reject it immediately. We do not believe that it would improve the economy and certainly, Mr. Speaker, such a course of action, as has been indicated, would deprive Canadians of the help that they need desperately at this time.

[*Translation*]

We will not let down the unemployed, the aged nor the young people who are desperately looking for their first job. These people need unemployment insurance benefits, old age security pensions as well as training programs.

The industry needs grants for research and development as well as financial incentives. Farmers need loans at reduced interest rates. The building contractor will be tremendously helped by grants provided to home buyers.

[*English*]

The Minister of Finance's announcement will bolster business confidence. The many changes the statement made concerning the tax aspects of the other Bills before the House will bolster that confidence. That will result in improved investor confidence and, of course, Mr. Speaker, all of that is