

that is why we are protesting. The first responsibility of an elected official, I do not care at what level, is to see that tax dollars are properly spent, and we do not know whether they are being spent properly because of this rule change which was rammed through by closure.

I will give members a further example. It has to do with the money supply and it all ties up with the bill before us and the reason the government is asking for authority to borrow \$7 billion, borrow \$10 billion—borrow, borrow, borrow, print, print, print, spend, spend, spend. The money supply, the chief cause of inflation, is constantly being increased. Money should just not be printed but must be related to the gross national product. In the period from October, 1970 to October, 1976 the federal government expanded the country's money supply by 10.2 per cent in contrast to a real growth in the economy of only 31.7 per cent. Inflation increased 55.3 per cent over this period. In the previous six-year period the money supply expanded by 43.2 per cent compared to a real growth in the economy of 34.2 per cent. Inflation totalled a relatively modest 24.1 per cent. The huge amount of financing required by the federal government to finance its deficits was unquestionably one of the main causes of this excessive and inflationary monetary growth.

We are still at it today. I listened to the parliamentary secretary and other members on the government side trying to justify this borrowing. It is such a fraud. Here we are, expanding the department of the Auditor General. He does not know where all the money is going, where all this mad Liberal spending is leading us. We have to appoint a Comptroller General, and he says he is going to need a staff of 300, probably all chartered accountants, and hopes he is not around when this staff of 300 begins to find out where all the money is going. He recently stated that restraint being realized in Ottawa will take a decade to filter down through management. So we come back to that rule change.

● (2012)

We are told that everything is just rosy and sweet and that we should not be saying anything about doom and gloom. We had to appoint a Comptroller General at an initial cost of \$6 million to Canadian taxpayers. The Comptroller General says he will need a staff of 300 to find out what on earth this government has been doing over the last 10 or 12 years. One of the frontbenchers of the Liberal party who has been here for years sits there laughing and giggling. This is all a big joke to him.

I would like to list the principal faults of Bill C-7, a bill which is needed because of bad financial management in Canada over the last 15 years. This is the third time that the government has sought to raise borrowing limits for the current fiscal year. First, there was whatever was left from the \$9 billion new authority granted by Bill C-11 in December, 1977, which applied to the 1978 and 1979 fiscal years. Then in Bill C-31 the government sought a further \$5 billion in borrowing authority in March of 1978. Now Bill C-7 asks for a further \$7 billion. This bad planning of debt needs is the same kind of

Borrowing Authority Act

bad planning which caused the Minister of Finance (Mr. Chrétien) to make three quasi-budget presentations within one year. That is a clear indication that the government really does not know what it is doing.

Federal figures do not add up. For fiscal years 1978 and 1979 borrowing limits have been raised by \$28 billion, including those contained in Bill C-7. However, the sum of actual and forecast cash requirements for the two years totals \$20.3 billion. The extra authority is needed, according to the Department of Finance, to allow foreign bond issues and to permit full draw-downs of foreign currency lines of credit. The extra amount is also needed to cover a large Canada Savings Bond refinancing and to provide a reserve for contingencies.

What the department and the minister do not mention is that foreign currency borrowings can be used and are being used to satisfy the domestic cash requirement. Bank of Canada purchases of Canadian dollars in support of our currency are transferred to federal cash balances, thus reducing the need for domestic financing. Both the Minister of Finance and the governor of the Bank of Canada have pointed this out in the past. Previous requests for new borrowing authorities have referred to the amounts required for foreign exchange support, Canada Savings Bond refinancing and reserves for contingencies.

The obvious question is, how many times in one year must Canada Savings Bonds be refinanced—our financial critic, the hon. member for York-Simcoe (Mr. Stevens) covered this very well this afternoon—and how many reserves for contingencies does the government require.

Economic policy has changed significantly since the last borrowing authority was sought. The government has proposed expenditure cutbacks and several reallocations. Parliament has not had the opportunity to examine and debate the new policies. This goes back to 1969 when all the rules were changed. In those days there was full and itemized accounting and documentation of the expenditures of every government department. Parliament could sensibly debate what was being spent. Ministers were on the hot seat. They really had to be on their toes to explain the expenditures of their departments. Now they can bluff their way through.

We have slower economic growth than that forecast. The forecasts of ministers of finance have been wrong so often in the recent past that whatever the Minister of Finance forecasts is suspect. There is certainly much to suspect with regard to Bill C-7. Lower than anticipated economic growth will result in lower revenues, higher deficits and the need for more borrowing.

There is a need for change in economic policy. The Minister of Finance and the President of the Treasury Board (Mr. Andras) in a joint statement on September 8 raised the possibility of a tax cut. Since the Minister of Finance attacks our tax cut proposals on the ground that tax cuts would increase the deficit, tax cuts in the next budget would, by his own analysis, increase borrowing requirements. Conversely, the federal government may at last concede that much of the current federal spending is still excessive. The government may