

*Borrowing Authority Act*

I should like to make two points respecting those comments of the Minister of Finance. When he introduced this bill, certainly foreign borrowings were contemplated to the extent of \$3 billion to possibly \$4 billion. They were in hand on March 22 when the minister asked and secured the \$5 billion authority to which I have referred. It is unfortunate that he would attempt to fudge this issue by saying, "We said \$5 billion, but we did not realize the foreign borrowing was going to be a little bigger; so please give us more money". Before the Standing Committee on Finance, Trade and Economic Affairs, the government made it very clear that borrowing authority to the extent of \$3 billion or \$4 billion was in hand.

My second point deals with the Canada Savings Bond issue. At the present time the Canada Savings Bond issue is outstanding. In fact it was supposed to close tomorrow, in the sense that if one wanted to pick up one's bonds, one could do so tomorrow. During committee stage we became very curious as to whether the Canada Savings Bond issue could be closed if this bill is not passed. In short, has the government sufficient available borrowing authority, be it \$5 billion or some other authority, to close the present Canada Savings Bond issue?

Rather than refer to the various minutes of the committee, perhaps I can summarize them. It was said before committee, "No, we need the bill passed or we cannot close the Canada Savings Bond issue to the extent we would like". When the government sensed what we were getting at, the Parliamentary Secretary to the Minister of Finance (Mr. Martin) then started to waffle a little in committee. He said that really on reflection it was a question of whether the net borrowings were sufficient. Without unduly delaying the House, I should like to summarize what happened in committee.

The real story is: if the government has to exercise its full lines of credit with foreign and Canadian banks, literally there would not be enough room left to finish the Canada Savings Bond issue, certainly if sales under the current issue are in the order of \$6 million to \$8 million, which is the government's hope. If there is any single example of government economic policies being in a chaotic state, this is it. To have a government, on the eve of closing Canada Savings Bond issue, come before the House requesting a fast and quick \$7 billion borrowing authority, leaves some doubt as to whether it will be able to close the Canada Savings Bond issue.

The government is attempting to keep a stiff upper lip and to pretend to the outside world that there is no problem. Why did it have to extend the time from November 15 to November 22 when people could pick up their bonds with no loss of interest? The truth is that the government cannot close the deal as it intended because the bill has not been passed as yet.

**Some hon. Members:** Hear, hear!

**Mr. Stevens:** The government has put itself into another corner. Can it be believed that it is in a corner with something which could have been anticipated 12 months ago, namely, the financing of its Canada Savings Bond issue for the fall of 1978? That is the kind of governing we have, and that is the type of government with which we have been living. Is it any

wonder the government is so reluctant to face the nation? This government knows this type of irresponsibility would certainly be condemned by the voters of Canada. This is symbolic of how this government has been handling the economic affairs of this country; it is ad hockery gone wild, simply an attempt to solve yesterday's problems today, with new problems requiring solution developing very quickly. This government is stumbling and bumbling.

● (1602)

I feel this November 1 date is of importance for a number of reasons, specifically in view of the answers to direct questions put to officials who appeared before the Standing Committee on Finance, Trade and Economic Affairs. We asked what the significance of the November 1 date was, and the officials replied that this was the beginning of the Canada Savings Bond issue. In short, unless this legislation is passed in a retroactive fashion, this government is in trouble. It will be in trouble because there is a serious legal question as to whether it can actually complete this Canada Savings Bond issue without authority.

As we know, the borrowings of this government are very clearly covered by the Financial Administration Act. It states that no money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of parliament. This government has put in place a Canada Savings Bond issue. It has placed advertisements and has agents working, and it has increased the interest rate on the issue twice during its sale. It has extended the free period from November 15 to November 22 in order to attract more buyers. Incidentally, we think that extension is also because the government thinks that will provide enough time for this bill to receive passage in this House. As of this date we do not believe the government has the clear authority to close this deal.

Let us put this into perspective. What will that free week, the extension from November 15 to November 22, cost the Canadian taxpayers? During that week buyers will be able to pick up the extra interest, notwithstanding the fact they will not have to put out the cash. I suggest this will cost the taxpayers an additional \$13 million. By this one example of maladministration the Canadian taxpayer is being asked to pay an additional \$13 million in added interest that will have to be paid for funds which will not be received until November 22.

Just consider how ridiculous the situation is in which this government finds itself. If for some reason this bill has not received passage by November 22, the government will literally have to postpone the closing date, perhaps until November 29, hoping parliament will finally give authority to complete the deal.

You might ask, Mr. Speaker, why we are suggesting that the November 1 date, to which I have referred as the date in relation to the Canada Savings Bond issue, should be changed. I suggest it should be changed because it is contemptible for the government to take parliament so much for granted as to bring forward a bill that will give the government retroactive