

Currency and Exchange Act

stance or present each one to the people who make the decisions about which countries will get the money. In some ways that is not a bad decision but I believe the Auditor General, who is a servant of this House, should make his report to this House. I think it would be a simple thing, if the Minister of Finance had to make it, for him conveniently to forget it or make it at such a time that it would not attract attention.

● (2110)

International monetary problems will be a greater factor in the next few years than they have been in the past. There is no doubt that the oil situation has created dangers. We read already about huge international debts owed not only by developing and Third World countries but by the communist countries that up until now had always paid their bills. They owe so much money to private banks in the United States, Germany, and western Europe that now many banks have refused to extend credit to them.

This is an important piece of legislation, Mr. Speaker. We are a trading nation and this year our imports and exports are estimated at \$40 billion dollars each, or between 20 per cent and 25 per cent of the gross national product. With this in mind, and if we propose to become involved in lending money, directly or indirectly, it is important that the report of the Auditor General be made directly to parliament and not to the minister. It is the only thing that would give us some idea of the way in which the fund is administered.

Substantial changes in the exchange fund are proposed by the bill, and until it can be shown that they work there will be many questions. In committee I posed certain questions to the minister in regard to the United Kingdom and Egypt. In extending further aid to Egypt the International Monetary Fund laid down certain restrictions on what the Egyptian president could do with it. For example, he was advised to cut back on food subsidies. We all know what happened then. Egypt had its worst riots for two decades and at one time it seemed as if the president would be deposed.

The situation in the United Kingdom only came to light because the Chancellor of the Exchequer did not want to agree to the restrictions proposed by the International Monetary Fund and he made his objections public. The Minister of Finance admitted this is what had alerted him to the situation in the United Kingdom and that he was familiar with the result in Egypt when the IMF had imposed conditions upon the president. Mr. Speaker, I think all this helps to illustrate that the report of the Auditor General should come directly to this House. It would serve no purpose if he talked only to the minister about questionable practices in the exchange fund account.

We are not dealing with small amounts of money here. We have a stand-by credit of about \$300 million in the United Kingdom, we have a \$250 to \$500 million reciprocal drawing arrangement with Italy, and a \$2 billion swap arrangement with the United States. The amounts are not small, and when the Auditor General is given his organization I think it is

[Mr. Ritchie.]

important that he make his reports directly to the House so that we can deal with them here and persuade the government to make any necessary changes.

Mr. Bob Kaplan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I want to speak briefly to this motion. First of all I should remind the House that it was considered in committee and I listened carefully then as now, with all the objectivity of a parliamentary secretary, to the suggestion made to change the original proposal of the government. Even with that objectivity I have heard nothing to convince me there was any substance in the amendment proposed by the opposition.

We ought to remember that the Auditor General reports on a number of financial activities of the government under a great many statutes. Under virtually all of them, except for the oldest, the provision is made that his report goes to the minister and the minister tables it in the House. That provision is made for the simple reason that the Auditor General is not a member of this Chamber; he cannot walk through the door and deposit his document on the table of the House. That has to be done on his behalf by a member. The legislation provides that the report goes to the minister concerned with the enterprise being audited, and the minister tables it in the House.

It is a trumped up thing to try to make the point that there is something improper in taking this procedure which is used everywhere else and applying it to the currency and exchange account. This is an enormous account which is of considerable interest to parliament, the country, and the outside world, but to argue that it ought to be handled in any way different than in the legislation provided for all the other accounts and enterprises that are scrutinized by the Auditor General has no validity.

In fact the Auditor General particularly wanted this account to be changed because it has become his practice to provide the account audit to the minister and for the minister to table it. What is being settled through the legislation before us is only what is already the practice, that is, the report goes to the Minister of Finance and the minister tables it.

The present Auditor General has acquired considerable stature and respect in this House and in the country—so much so that the legislation amending his position, Bill C-20, was largely proposed by him and his staff. We have listened gladly to his suggestions. Members, by and large, accepted his suggestions. They are embodied in Bill C-20. The bill now before the House has exactly the same status. Like the Auditor General's Act, this is his own proposal to us. It is the proposal he made to regularize the procedure he actually follows. This is the procedure which will be used not only in this legislation, not only for this account in question, but for all the other accounts and enterprises which the Auditor General audits and concerning which he must report to this House. One could go further than saying the opposition is making a mountain out of a molehill in this case. I argue that they are trying to make something out of nothing at all, and consequently I urge hon. members to reject the amendment.