

### *Borrowing Authority*

Because of these stabilizing operations, the Exchange Fund Account accumulates U.S. dollars. To finance this increase in official reserves, Canadian dollars must either be taken from cash balances or borrowed and charged against the borrowing authority. On the other hand, when the Canadian dollar is under downward pressure, U.S. dollar reserves fall. The depreciation may need to be supplemented by drawing on the standby credit facilities the Government has. These are held at Canadian and international banks. In the alternative, Mr. Speaker, the need must be met by other types of foreign borrowing. I should make it clear that any of these borrowings must be charged against borrowing authority. Insufficient borrowing authority could limit the Government's ability to maintain orderly conditions in the foreign exchange market and disrupt the domestic borrowing program.

In Part II of the Bill, Clause 4(1) requests borrowing authority of \$16 billion for fiscal 1985-86. The amount should be sufficient to meet borrowing requirements through to the fall of 1985. The Minister of Finance will introduce further borrowing authority legislation following his Budget next spring seeking the remainder of borrowing authority for the full 1985-86 fiscal year.

Finally, Mr. Speaker, Clause 5 states that the borrowing authority granted in Part II of the Bill will come into force on April 1, 1985, the date on which the fiscal year commences.

I repeat, Mr. Speaker, that borrowing authority permits the Government to implement a regular financing program. I should make clear that the Government has made cost reduction one of the major goals of its new administration. Given the relative importance of public debt charges in total government expenditures, it is a primary goal of the Government to minimize these charges.

As Hon. Members are no doubt aware, Government of Canada securities currently outstanding amount to more than \$155 billion. The financial requirements are such that the level of outstanding debt will increase by over \$2 billion every month. In addition, previously issued debt is coming due and must be refinanced. Consequently, each new issue is carefully tailored to meet the prevailing market conditions and investor demand, and to avoid, wherever possible, pressures on the capital markets.

Thus, another important objective of debt management is to promote the smooth and efficient operation of the financial markets. Besides being cost effective, this helps to ensure that federal borrowing operations do not interfere with borrowing activities by other levels of government or the private sector.

As a matter of interest to Hon. Members, I would like to outline how the Government has made use of the borrowing authority that was provided by Parliament for the current fiscal year. The total amount of authority provided for 1984-85 was \$24.5 billion. To the end of October domestic borrowing operations used about \$13.8 billion of borrowing authority; \$11 billion through the issue of Treasury Bills, \$7.3 billion through the sale of marketable bonds, and net redemptions of \$4.5 billion of Canada Savings Bonds.

Foreign borrowing has added a further \$1 billion to the use of borrowing authority. The impact of foreign borrowing on the borrowing authority was the net effect of a one billion borrowing in the Swiss franc market in May, a 120 billion yen bank loan in the Japanese capital market in July, and a redemption of a 500 million Deutschmark private placement in May which reduced the total use of borrowing authority.

As a result of these domestic and foreign financing operations, the total use of borrowing authority to date in this fiscal year has been \$14.8 billion. At the beginning of November there was about \$9.7 billion of unused authority remaining. Of course, Mr. Speaker, this borrowing request is greater than we would have wished, but it is indicative of the fiscal situation we have inherited from the previous government.

[*Translation*]

Mr. Speaker, the additional borrowing authority will enable this administration to manage the affairs of the Government more effectively. I would therefore urge all Hon. Members to expedite the passage of Bill C-11 so that this Government can go on serving all Canadians more and more effectively.

[*English*]

**Hon. Donald J. Johnston (Saint-Henri-Westmount):** Mr. Speaker, as the days progress we find more and more candidates for the television series "That's Incredible". We seem to have a new definition of arrogance in politics emerging in the House. First we had a budget boot-legged in as an economic statement. Now the Minister of Finance (Mr. Wilson), speaking through the Minister of State for Finance (Mrs. McDougall), is seeking borrowing authority not only for 1984-85 but for next year in the amount of \$16 billion. If parliamentarians, responsible to the Canadian people for funds borrowed, do not pause and reflect on that, I do not know whether we would be discharging our duties.

The Minister of Finance was caught without his briefs the other day. Perhaps that will add a little humility to the Minister and his Department. Of course, Mr. Speaker, it is not uncommon for people to forget their briefs in a hotel room. However, these were not Stanfield's. These were the briefs of the Deputy Minister of Finance. That is a luxury which the Minister of Finance really cannot afford.

● (1520)

[*Translation*]

Mr. Speaker, we are all aware in this House that when we have deficits, it is necessary to borrow to finance them. Fine. There is no problem there, except that it is altogether unacceptable for the government to seek such a borrowing authority without providing estimates for next year.

They have the impudence to ask us for a \$16 billion borrowing power without providing us with estimates for next year. Therefore, before giving our approval, we should wait until the Minister of Finance (Mr. Wilson) tables in the House his budget for next year.