

*Supply—Finance*

First, the report of the Bladen commission. This matter, of course, continues under study. In response to what was said in the budget speech various interested groups and organizations are now coming forward with their representations. I hope we may be able to receive the remaining ones reasonably soon.

Second, as the hon. member for Kenora-Rainy River said, I did attend the annual meeting of the governors of the international bank and international monetary fund at Vienna last week. It was a very good meeting and there were a number of very constructive discussions there.

Third, there is no indication of any change in the price of gold. I dealt with this subject in reply to questions asked by the hon. member for Kenora-Rainy River several weeks ago.

Fourth, in regard to money supply, there was an increase over the past year in the money supply, until about a month ago or slightly longer, with some modest decline in it since. At September 13, 1961, the money supply stood at \$14,331 million which was an increase of \$1,075 million over September 14, 1960 but a decrease of \$88 million as compared with September 6, 1961.

**Mr. Benidickson:** The increase in the money supply for a date a little earlier than the minister mentioned, September 6, had been perhaps as high as \$1,175 million beyond what it was the year before, is that correct?

**Mr. Fleming (Eglinton):** I indicated that there was a modest decline over the past five or six weeks approximately. The bulk of the increase was in chartered bank deposits.

Fifth, with regard to Canada Savings bonds, the campaign has been launched as hon. members are aware. We hope for a good response and widespread support for this important feature of Canada's financial undertakings. This year we are offering an interest rate of 4.6 per cent. It is slightly lower than last year, but the indications are that we will have a good response. I wish to emphasize the importance of that response in relation to our total financial planning.

Next was a question in regard to the attempt to bring about an agreement between the countries which are interested in textile exports and imports, particularly in view of the volume of low cost textile exports from some of the Asian countries. I may say that the agreement which was reached at Geneva in July created a framework in which bilateral arrangements could be agreed upon for orderly marketing. However, it is too early to say whether the principal countries concerned will accept the agreement. Thus far Canada and the United States have accepted it.

[Mr. Fleming (Eglinton).]

Next was a question in regard to the exchange reserves.

**Mr. Benidickson:** Are there countries other than Hong Kong about which there may be doubt respecting an agreement on this matter?

**Mr. Fleming (Eglinton):** No. We cannot say yet definitely what the outcome is going to be as regards other countries. Naturally the concern expressed by some of the western countries was related to the exports from Japan and Hong Kong.

The next question was in regard to exchange reserves. I answered a question on this subject several weeks ago. These are reported regularly. The August figure was \$1,944.4 million as compared with a figure of \$1,960.3 million for July and \$1,985.2 million for June. The holdings of gold have tended to rise in this period; the holdings of United States dollars and obligations have declined somewhat.

The next question was in regard to the purchase of securities in the market with the assistance of the special fund that I announced in the budget. The figures of purchases have been announced for each month. Those for July were \$11.8 million and those for August \$28.1 million, a total to the end of August of \$39.9 million. I made an announcement in relation to policy on this subject several weeks ago.

Next was a question in regard to interest rates raised by the hon. member for Welland. The budget indicated the view of the government that interest rates in the country are higher than desirable having regard to our balance of payments position. In the budget I indicated the kind of efforts that would be made to bring about a reduction in the interest rates. I am very glad to say that those efforts have resulted in a modest decline of the interest rates and, what is quite important, a decline in the differential as between interest rates prevailing in the United States and interest rates prevailing in Canada. This, of course, is of considerable importance having regard to our balance of payments.

The hon. member for Welland always argues as though the only time that a rise in interest rates has been known has been since the change of government in 1957. Well, he always overlooks the fact that there was a steady rise in interest rates for two years before the government came into office.

**Mr. Pickersgill:** You were going to change all that.

**Mr. Fleming (Eglinton):** Yes; interest rates did decline after we came into office.

**Mr. Pickersgill:** For a very brief spell.

**Mr. Fleming (Eglinton):** For a very satisfactory spell and with some very good results.