

Supply—Finance

Mr. Knowles: Before vote 85 carries I wonder if the minister would care to make a comment on the item which is just above it, even though it is a statutory item. Will consideration be given between now and next session to possible amendments to the Public Service Pension Adjustment Act along the lines requested by the civil service federation of Canada and other organizations?

Mr. Gordon: I am not in a position to give any assurance of that, but I can say that the superannuation act will have to be considered and probably adjusted when the Canada pension plan is introduced.

Mr. Knowles: The minister is aware of the problem and he will keep it on his mind?

Mr. Gordon: Yes.

Item agreed to.

95. Institute of public administration of Canada, \$6,000.

Mr. Herridge: What is this organization, what is its membership composed of and why does it secure a grant from the federal government any more than, say, the barbers association or certified accountants association?

Mr. Gordon: I do not happen to be a member of the certified public accountants association or I might feel that remark had been directed to me. This particular organization was established to enable the civil servants of Canada at all levels to improve themselves and it was felt that a modest grant by the government of Canada would be a very useful investment.

Mr. Douglas: Several of the provinces also make grants.

Mr. Nowlan: It has been in existence for many years.

Mr. Gordon: I think the institute was started about 1948. If I recollect correctly, a very experienced and able civil servant from Saskatchewan is the president of the association and he has approached me to ask, not only that this grant be continued but that the federal government and all the provinces study the possibility of increasing the grants in the future. This matter is being considered by the government.

Mr. Herridge: I am not objecting to the grant, but I do hope the minister gives consideration to other groups who want grants to improve themselves.

Mr. Olson: I do not have any questions on this item, but I would like to know whether the minister is going to answer the questions I asked with regard to the debt charges.

Mr. Gordon: I would like first to refer to the remarks of the hon. member for Digby-Annapolis-Kings. As he pointed out, these are his estimates. He is a little more fullsome about their purposes and their contents than perhaps I could be, as they are not mine, but I do want to agree with him that they were well prepared and I have no hesitation in joining him in endorsing them and thanking the members of the committee for approving them.

With regard to the charges on the public debt, all I can say is that the total amount of the interest payable on the public debt depends on two things, the size of the debt and the current rate of interest. There is no way I know of that governments can incur deficits without increasing their debt. I have pointed out to a few people outside this house that this is one of the prices we inevitably must pay when we have deficits—and I think, as was so clearly stated the other day by the Minister of Justice on behalf of the Prime Minister, that there are times when we should have deficits. The net result is that the debt goes up and of course, the interest charges go up too.

As to the level of interest rates, as we all know it is controlled by a number of things, but one of the practical facts of life in this country is that if our interest rates are lower than those prevailing in other countries, there would be an outflow of funds which would be very damaging to the expansion of the country. The fact is that the debt has been going up and the interest bill has been going up proportionately.

Mr. Olson: This increase from the 1962-63 to the 1963-64 fiscal year is \$92 million, somewhere between 12 per cent and 14 per cent, and certainly this is away out of proportion to the actual increase in the total debt. I am just wondering if there are some other reasons for it.

Mr. Gordon: The other factor, of course—and I think the supplementary question is very well taken—is that there have been a number of refundings of issues that were sold during the war years when interest rates were very low. They have had to be refunded at current interest rates, which are substantially higher. That would account for a big part of it.

I would like to say a brief word about the two points raised by the hon. member for Nanaimo-Cowichan-The Islands. He referred to the need in this country of taking steps to see that we control our own affairs and our own economy. I agree with him. I think he would agree with me when I say it is easier to say that than to do anything effective about it. I think the action that has been