

Hon. Mr. Grosart: I do not know the exact financial position of the Leader of the Government.

Hon. Mr. Martin: It is not bad, but that would do.

Hon. Mr. Grosart: I am quite sure that if the leader has the same banker as I have, he knows he is not prepared to carry on inactive loans for very long.

Hon. Mr. Martin: That is right.

Hon. Mr. Grosart: To go beyond that, some of these loans in the amount of \$175 million are officially described as those for which recovery is "likely to require parliamentary appropriation"—and that surely is one of the biggest jokes in the blue book and public accounts. They are "likely to require parliamentary appropriation." As I understand the language, from my reading of the public accounts, this really means that those are loans that we cannot recover, and we will have to ask Parliament to agree to an appropriation which will cover these deadbeat loans. This is probably the general situation. That is another \$175 million.

● (2140)

At the present time the total outstanding of these loans, investments and advances, so-called—many of which under any acceptable principle of accounting could not be called loans, investments or advances—is something like \$15 billion. This is broken down into domestic loans, so-called, which are \$13.7 billion, and external loans, which are \$1.8 billion.

Domestic loans are to crown corporations, provinces, and municipalities; there are some VLA loans, some loans to private businesses and some to private individuals. External loans are, of course, mostly to national governments and international organizations.

What I am going to suggest tonight is that this would be an excellent subject for the Standing Senate Committee on National Finance to take under inquiry. Under Senator Everett, the committee has decided that it will make a much more detailed examination of the estimates in future than it has done in the past. We have started with Information Canada. Another area where the National Finance Committee might do an excellent service to Canada and to Parliament would be an inquiry into these loans—inquiring into the arrears, the interest and principal, the rates of the loans, and the obvious irrecoverables which must be there. It would be interesting to find out who is not paying up and why not. This is all information which does not appear in the blue book or clearly in the public accounts. I suggest it would be an excellent subject for the committee.

The same might apply to the public debt. It may be of interest to honourable senators to know that the demand on the consolidated revenue fund this year for the financing of the public debt is the second highest demand of the official categories of expenditures. It is something like 14 per cent of the total of this year's forecasted expenditures of \$18.2 billion—or \$19.2 billion, whichever you like to take.

It is fair to say, of course, that in the last year there has been some improvement, but over the years here is what has happened to the public debt of Canada. I will start with 1964 and give it to you year by year. In 1964 the deficit was \$619 million. In 1965 it was \$38 million. In 1966

it was \$39 million. In 1967 it was \$421 million. In 1968 it was \$794 million. The next year it was \$576 million. I would point out that 1970 was a remarkable year in which we had a surplus of \$392 million, but in 1971 we went back to a deficit of \$379 million. In 1972 we had a deficit of \$614 million and in 1973, based on the preliminary figures, there is a forecast of a surplus of \$445 million.

I again suggest that this is the kind of inquiry that the Standing Senate Committee on National Finance might undertake. It would be interesting to find out how this total debt is funded and what the interest rates are. It is true that most of the money is owed to Canadians but, although I have made inquiries, I have not seen a complete statement of the status of our national debt, item by item, which I am sure is something that the Standing Senate Committee on National Finance could usefully inform the Senate about. Admittedly, it is true that the 14 per cent is less than it was ten years ago when it was probably 15 per cent, a fact which might give some satisfaction to our financial managers except that the mere percentages do not mean much. So long as you are able to tax and keep on taxing and you are rising from \$6 billion to \$18 billion in expenditures in a period of ten years, the percentage cost of financing the public debt is obviously going to decline so that the percentages do not really mean that much. I suppose we might be happy that it is not increasing as a percentage of the expenditures for the current year, but nevertheless we cannot take too much comfort in the fact that it is not a much higher percentage of \$18 billion than it was of \$6 billion ten years ago.

Honourable senators might be interested in the breakdown of expenditures this year. I have already mentioned that the cost of financing the public debt was the second highest category at 14 per cent. The highest category was health and welfare at 27.8 per cent. The third highest category was economic development and support at 13.2 per cent. The next highest was defence at 11.6 per cent, then fiscal transfer payments at 7.9 per cent, transport and communications at 7.7 per cent, general government services at 5.2 per cent, internal overhead at 4.4 per cent, educational assistance at 3.4 per cent, culture and recreation at 2.5 per cent, and foreign affairs at 2.3 per cent.

In mentioning the figure on educational assistance, 3.4 per cent, I recall that some time ago I asked the Leader of the Government if he could obtain for us the total expenditure by the federal government on education. He demurred, as I recall, on constitutional grounds. He did not like the word "education." He did not like my suggestion that the federal government was spending money on education, because he is a constitutional purist who, I think, takes the position that education is a matter delegated solely to the provincial legislatures under section 92 of the British North America Act.

I can now tell him—and I do not know whether he will take any comfort from it or whether it will bother him—that in the blue book educational assistance is now fully recognized as a federal expenditure to the extent of some \$620 million. The actual phrase, on page 150 of the blue book, I think, is "educational assistance."

Honourable senators, the report of the committee is before the Senate. I have nothing more to say at this time, although when the first appropriation bill comes before us