

*Supply—Finance*

**Mr. Pickersgill:** I have another question which is precisely the same question I asked the minister in the dying days of the session last year and it is: Is there going to be a federal-provincial conference before the next session of parliament, and is it the intention of the government to make some modifications in the existing tax-sharing arrangements? He knows the act expires on March 31, so far as the 3 per cent is concerned. If not, is he going to continue that 3 per cent for the rest of the currency of the tax-sharing arrangements, instead of making us go through this annual agony, which took about a quarter of the session, to put this statute through. In order to save the minister's time in answering the question I will give him the answer he gave last year. I am sure it will be the same answer. The minister said, as reported at page 4711 of *Hansard* of September 6, 1958:

I have dealt with that question. I said that when it is appropriate for the announcement to be made it will be made.

**Mr. Fleming (Eglinton):** Mr. Chairman, may I deal with the last subject first. I thank the hon. member for Bonavista-Twillingate for supplying a very appropriate answer to his own question. At this stage I do not think I can usefully add anything to what I said on this subject in reply to a number of questions on the same point in this house within the past fortnight.

Then, as to the question by the hon. member for Port Arthur in regard to the study that he invites me to make of the report of the committee on mines, forests and waters, of course I shall be examining the recommendations of that committee.

Mr. Chairman, I have already indicated in comment on the subject introduced by the hon. member for Laurier, namely the federal grants to the universities, that I thought the proper place for discussion of that matter was under item 124 when we reach it, and I shall have something to say on that subject when we reach that item.

The other matters were subjects introduced by the Leader of the Opposition and here I think I can be quite brief. The Leader of the Opposition raised questions concerning money supply. Mr. Chairman, he is aware that money supply varies from month to month or week to week. There is no fixed amount. There are bound to be variations at any time and there are, of course, seasonal variations. He seemed to be viewing with some alarm the recent increases in money supply. It has been made quite clear that so far as the Bank of Canada has control over money supply there is no thought of embarking on a policy of increasing money supply. I do think that the Leader

[Mr. Fleming (Eglinton).]

of the Opposition was expressing some unfounded apprehensions in this respect.

The high point of money supply in 1958 was reached on October 1. The money supply at that time was \$13,213 million. At the latest date for which figures have been issued, namely July 8 during the last week, the figure was \$13,350 million. Thus it will be seen that there has been no significant increase in money supply and it has been made quite clear by the Bank of Canada that it has no thought of embarking upon an increase of money supply under existing circumstances.

The next subject introduced by the Leader of the Opposition concerned high interest rates. I think there is nothing new introduced in this respect. I do not intend to repeat things that have been said earlier at this present session. I think hon. members will agree that at any rate I dealt with this subject at some length on previous occasions, and I will content myself by referring to my effort to treat that subject on an earlier occasion. But it is, I think, in the minds of hon. members who have been following what has been happening in the United States of late that the figures at which the United States treasury is borrowing money today have set an all-time record high interest rate for borrowing in the United States. That is a factor that all would do well to bear in mind who are measuring trends in this country.

Finally, the Leader of the Opposition made some reference to debt maturity, particularly debt in the category of two years and under. Mr. Chairman, I have the figures before me in this respect. At June 30, a year ago, the debt, measured in terms of treasury bills and bonds in that category, totalled \$4,798 million. At May 31, 1959 the aggregate in the same categories was \$4,374 million. Between June 15—

**Mr. Benidickson:** Are you including Canada savings bonds?

**Mr. Fleming (Eglinton):** No. Between June 1 and July 15 there has been an increase of \$100 million in treasury bills, bringing the figure that I gave to a figure of \$4,474 million on July 15. Accordingly, there has been in the past 12½ months a decrease of maturities in this category of some \$324 million.

It is worthy of note also that if one measures maturities in terms of average term, we have the same interesting comparison. The nearest date to the one on which we came into office was June 30, 1957, and the average term to maturity of federal debt at that time was six years and two months. Today, thanks to the conversion loan which was derided by the hon. member for Welland, the average term of federal debt is nine years and nine months.