

Supply—Finance

an amount that is roughly one fifth of the amount the minister proposes to spend on interest on the public debt. The Department of External Affairs intends to spend only \$88 million. Our contribution to world peace totals \$88 million but our homage to the money lenders will represent an expenditure ten times as great. This levy will be hard on the taxpayers and I appeal to the minister in the interest of the welfare of our Canadian economy.

I have in my hand the September 30 issue of the *Financial Post*. In another editorial I notice a report to the effect that Canadian manufacturers now must invest \$13,377 per employee in equipment and facilities. I hope the government realizes that a lowering of interest rates by 2 per cent in relation to the total working force and the investment I referred to would make possible an increase in wages of \$22.30 per month. I used the figure of 2 per cent deliberately because since this government took office interest rates not only to governments but to individuals and corporations have increased by more than 2 per cent. A lowering of interest rates by some 2 per cent would make possible an increase in wages or a reduction in the cost of production and would make us more competitive in the world, involving an amount of \$22.30 per month for every individual employed in industry.

Not many Canadian realize the important role the level of interest rates plays in our cost of production at this time. I feel the minister does not appreciate it nor did the former governor of the Bank of Canada. Incidentally, I was happy to observe that at long last the minister has assumed responsibility for the monetary and fiscal policy of this nation. I believe all Canadians breathed a sigh of relief when the problem was resolved at long last.

Mr. Fleming (Eglinton): That was possible only after there was a change of governors.

Mr. Regier: If the minister now wishes to reverse himself I leave that up to him. I read carefully the statement released by the new governor and that released by the minister at the time of the appointment. If the minister wishes to reverse himself in this regard that is strictly up to him.

Mr. Fleming (Eglinton): I said that that was possible only after a change of governors.

Mr. Regier: I did not agree with the policy of the former governor that interest rates have to be left to find their own level. If he wants to I believe the minister can do much toward reducing the level of prevailing interest rates paid by all governments, individuals and corporations.

[Mr. Regier.]

While on that subject I wish to present an idea to the minister. The hon. gentleman has been visiting in many parts of the world and has met many new people. I hope he has acquired many new ideas. If that is so he may not be very receptive to a proposal. However, I believe it would be in the national interest if at least once a year there was a meeting of the federal government and of provincial governments at which they would express opinions on and assess all their borrowing needs for the ensuing 12 months including the borrowing needs of all municipalities, hospitals, school boards, etc. I understand this has been done for a number of years in another commonwealth nation where the central government meets with the governments of the state once a year and makes a survey of all their borrowing needs. They then obtain information concerning how much investment capital might be available within the nation for the purposes of government and agencies of government. As I understand it, once the formula has been agreed upon, then the federal government does all the borrowing on behalf of the provinces, the municipalities, the school boards, the hospitals, and so forth, and it allocates the money that it has been able to borrow on a previously agreed upon formula. This would bring about a tremendous lowering of the interest burden that now has to be borne by us when we pay our school taxes, our hospital levies, our municipal taxes and our provincial taxes. All the borrowing is done by the federal government on a mutual understanding with all levels of government. I believe this would be a great improvement upon the existing situation where there are levels of government of all kinds and government agencies competing with each other on the money markets in order to obtain their required funds.

While I am on my feet may I say I hope that before these estimates are concluded the minister will express the attitude of this government in regard to what I believe is the issuing of money on the part of provincial governments. Our government in British Columbia has been issuing bonds payable on demand with interest. In my books this in effect is no different from a dollar bill. Once a government issues a bond payable on demand with or without interest it is the same as issuing money. I might warn the minister that unless this government takes a position on what is happening in this regard he may find 10 provincial governments issuing currency of this kind and his whole monetary and fiscal policy will go out the window. I believe that the right to issue currency is within the exclusive jurisdiction of the federal government. I hope the federal government will take a look at this business and will