

Bank of Canada Act

our industrial base. I suggest, also, that this is proven by the enormous amount of foreign capital that pours into Canada year by year. If it were not for the private funds of individual Canadians going into government bonds, there would be only one other place for them to go, and that would be into the equity of Canadian industry. I think it would be desirable for a situation to be created whereby Canadians would be encouraged to place their savings in the industrial and commercial enterprises of this country.

One of the serious problems that Canada faces today, and which will be even more serious in the future, is that so much of our industry and development is achieved as a result of foreign capital, and the ownership lies with those investing the money, and the interest and dividends that accrue from that development go to the investing country. This is one of the things that is causing difficulty in our international balance of payments situation, because the interest and dividends that accrue from this investment go out of this country.

In my opinion there is no problem at all in finding a place for the private funds of Canadians with respect to such things as housing, industry and commerce within our whole economic and financial system.

Apparently it is only a matter of degree, because the minister agrees that the Bank of Canada should continue to buy the bonds that are issued by the federal government which are required from time to time to take care of maturing issues. The degree should be higher; the amount the Bank of Canada buys should be greater, because we are not holding our own. The increase in net earnings to the Bank of Canada between 1964 and 1965 was up by only \$15 million. The situation is better than it has been, but it is not sufficient to reverse the trend in the annual increases in interest required to service the national debt. I hope that very soon we will reach the stage where the earnings derived by the Bank of Canada from holding this public debt will be greater than the increase required to service the debt, so that we will gradually start to move back again to a better financial position.

I have before me a table. It is the table for 1963, not the latest in this regard. It deals with federal, provincial and municipal governments revenue, expenditures and debt. This table is to be found at page 11 of a document entitled "Consolidated Public Finance, Federal, Provincial and Municipal Governments Revenue, Expenditure and Debt," issued by the Dominion Bureau of

Statistics. Item No. 21 on page 11 of this document is headed "Debt charges excluding debt retirement." During 1963 the federal government's provision for these debt charges was \$822 million, for the provincial governments it was \$122 million, and for the municipalities \$200 million. The federal government's requirements for servicing the public debt since that year have gone up substantially; in fact, by over \$200 million.

The requirements of the municipalities for debt service charges has gone up even more. Therefore this municipal development fund is becoming an urgent matter, one so urgent that municipalities are continually seeking assistance from the provinces, and the provinces in turn are seeking assistance from the federal government. They are asking for more and more money, particularly to meet their debt service charges.

I hope the minister will take these representations seriously and will try to make some adjustment so that we may reverse this trend, not only in absolute but in relative terms with respect to the total revenue, and the fact that the money of the taxpayers of this country is simply being used to meet the servicing of our public debt.

In conclusion, Mr. Chairman, I would say that I do not despair because nothing is being done. The quotations I have read indicate that some progress is being made in this area. We suggest that this progress should be accelerated so that the taxpayers of Canada may look forward to the day in the not too distant future when we will begin decreasing the public debt charges of this country that are such an enormous load upon all levels of government today.

Mr. Nasserden: Mr. Chairman, I have a question for the Minister of Finance. However, before I ask it I should like to express my surprise and disappointment at the extent of the disagreement that now apparently divides the Liberal, Cr ditiste and Social Credit parties. I remember the day when they were glad to join together to vote for an amendment in support of funny money.

An hon. Member: Debt free money.

Mr. Nasserden: Yes, debt free money. Are we to conclude today that that honeymoon is over? I should like to ask the minister whether it is true that he has lost confidence in the Social Credit party, after witnessing the action of the hon. member for Red Deer, the leader of the Social Credit party, who has admitted that he and his colleagues are unable to cope with the financial problems of their party.

[Mr. Olson.]