

C.N.R. Financing and Guarantee Bill

this capital, accepting securities from the federal government for the investments involved? I would like the minister to explain why this cannot be done. It is a policy we have advocated throughout the years. Only recently I read a letter from our leader to the Social Credit League in British Columbia endorsing this policy.

Mr. Benson: Mr. Chairman, the biggest holder of government of Canada bonds is the Bank of Canada. The Bank of Canada takes up a substantial amount of any new issue of the government of Canada. At the moment it is the biggest holder in the country of government of Canada bonds, which are used for financing social capital, as the hon. member call this particular expenditure.

In the case of the C.N.R., the financing can be done in either one of two ways. The government can borrow the money directly from sources including the Bank of Canada, which would take up a big part of the loan, with the chartered banks taking up a substantial part also, and then advance the money to the C.N.R. Alternatively, the C.N.R. may borrow directly with a government guarantee but it would have to pay a higher interest rate if it did. It can be done in either manner.

● (9:40 p.m.)

Mr. Leboe: Mr. Chairman, I should like to add my support to the plea that we extend the policy of the Bank of Canada in this regard, because we know that the interest that is paid by the government of Canada on bonds that are held by the Bank of Canada is returned to the consolidated revenue fund.

Mr. Benson: If it makes a profit.

Mr. Leboe: You got the message all right. I should like to make the plea that there be a continual increase in this policy so that eventually the Bank of Canada will hold a great deal more of the national debt than it does at the present time. I should like to commend the government for increasing it a couple of per cent in the last few years, but I would like to see it increased even more.

I should like to support the hon. member for Kootenay West in his plea that the Bank of Canada become more of a functional bank rather than something which is there to buy and sell bonds simply for the sake of regulating the money supply without any regard to the interest charges we are paying to capital investors from outside to do the job we are trying to do in Canada.

Mr. Herridge: Mr. Chairman, I wish to make one further comment. I was very pleased that the minister admitted the Bank of Canada can provide funds for investment in social capital and is doing so at the present time. All I urge is that this policy, which originally was a policy devised by the C.C.F., be extended so that finally we can get all our social capital provided and will not have to go to other countries to obtain loans and send interest there to meet the obligation.

Mr. Fulton: There is the greatest proponent of the application of the idea of social capital I have ever seen.

[Translation]

Mr. Laprise: Mr. Chairman, I heard, indeed with pleasure, the participation of the member for Kootenay West (Mr. Herridge) to the debate. I am pleased that he has asked that the Bank of Canada supply funds, at least for the time being, to Crown companies.

I therefore also invite the minister to take the necessary steps so that the Bank of Canada can finance our crown companies in part. And I ask him: why could this same Bank of Canada not finance the whole Canadian National debt as well as those of all the other crown companies? I find that, with regard to the Canadian National, for instance, at least in recent years, we are given an annual report indicating surpluses and profits, but when the interest on that debt is taken into account the profits are transformed into deficits.

The same holds true in respect of the St. Lawrence seaway administration. Since its establishment in 1959, this company has always made profits, but due to the interest on its debt, those profits have become a deficit which is an onus on Canadian consumers who make up for it in taxes when they buy products shipped through that seaway.

Therefore, I invite the minister to continue to consider thoroughly the representations made this evening. I am pleased to note that the member for Kootenay West is supporting the demands of the Social Credit party to that effect. I do not know if he feels that there is some sort of socialism in such a policy. As for me I do not see any. It would simply mean that money would be made available to the people through the Bank of Canada and this is the purpose of our request. I think that if the government can ask the Bank of Canada to finance some small undertakings as is the case at the present time, the same Bank of Canada could finance all the investments of the government.