

interest here. First, you will notice that the proportion of our national expenditures going into business capital formation has been rising since 1962, as the upswing has developed, and is now at a high level of 20.8 per cent. Now, these do not include the capital expenditures of government. Those are part of line 2, and the corresponding figures are in the first table. If those were added, the total capital expenditures in the Canadian economy currently would show somewhere around 25 per cent. This means that about one dollar out of four dollars being spent in the Canadian economy now is not being spent to meet current demands, but is being spent to meet needs for the future. It is being spent for capital purposes.

This, I think, indicates that Canada is not living imprudently. We are making ample provision for the future in one form or another. We are building factories, we are building roads and all sorts of other things that go into capital, whether it be public or private. But, this high rate of capital formation is one of the things that is creating our problem—and a variety of problems—because when we spend as high a proportion of our income as this represents on capital we have got to get the necessary savings out of the country. Some one has got to keep down their current expenditure and provide the savings necessary to finance these capital expenditures. I will come to the sources of savings later on in this series of tables. Table 10 covers that. But, I think the point is important enough to make it at the beginning.

This is where a considerable part of our problem comes from, but I think it does have an assuring element that the country is not behaving extravagantly. It is making a good deal of provision for the future.

These figures for capital expenditures, which are currently at something over 20 per cent for business, are rather high by Canadian historical standards, and they rank well up by comparison with other countries, although other countries vary a great deal, of course, depending upon their circumstances and policies.

The other point I would draw to your attention is in line 2, "Government Expenditure on Goods and Services". We will come later to the breakdown of Government expenditures, but these figures and this proportion represents the fraction of the output of the country which the various governments—federal, provincial and municipal—are demanding in terms of goods and services, rather than simply in terms of transferring money from one person, or one group of persons, to others. You will notice that this proportion has been relatively stable since 1960. In fact, the figures for the last six months turn out to be just the same. Even 1960 showed relatively little change from 1955. The physical demands, so to speak, put by governments on the economy have not been greatly altered over this period, although of course government expenditures have grown very rapidly along with the total production of the economy through that period.

The various statements by ministers in recent months have shown that the projections that governments have made of their future plans involves some increase in government spending over the future as a proportion of the gross national expenditure, although a fair amount of that is in transfer payments rather than in the expenditures on gross goods and services.

I think those are the two main points arising out of this table. Mr. Chairman. I do not know whether there are any questions on that?

Mr. ALLMAND: Does item 1 include expenditures by business for things other than fixed capital formation? In other words, does it also include expenditures at wholesale and from the primary producer, not just the retail?

Mr. BRYCE: They tend to cancel out. These are estimates, figures for what individuals and groups of individuals spend on goods and services. They pay