

Senator THORVALDSON: Dividends paid out?

Mr. BRYCE: Yes, that is right.

Co-Chairman Senator CROLL: Mr. Bryce, take a look under "financed by foreign balance". Two figures there seem to me to require a little explanation. 1960 and 1965 are abnormally high. Was there any special reason for them?

Mr. BRYCE: Yes, sir. We had a large deficit in our current account and balance of payments in those two years. It was financed by foreign investment of one kind or another on balance. The variations in these figures, of course, represent the interplay between all the current elements in our balance of payments and the influence of the capital elements on them. You will notice in 1963 the figure drops from the previous year and this and the low figure in 1964 reflect the abnormally large deliveries of wheat following the Russian and Chinese sales in 1963. In 1965 those were largely over, until the latter part of the year. Meanwhile, imports were going up substantially as the Canadian economy expanded and tended to reach closer to the limits of its capacity. So our deficit on our international account widened by over \$700 million that year, and that was financed by one form or another of an inflow of capital.

Co-Chairman Mr. BASFORD: What caused the reversal in personal net savings in 1964?

Mr. BRYCE: I think, sir, that again is largely the wheat years. As I recall, there was a big crop in 1963 and a good deal of it was sold by 1964, so the farmers accumulated a big equity in wheat that year and sold it off by the next.

Mr. BELL (*Saint John-Albert*): I wonder if I could ask Mr. Bryce this. He said this morning, I think, Canada has a good record of investing in the future. I think he said 25 per cent, but then you pointed out there is a danger in this. Would Mr. Bryce suggest if some of this could be channelled into direct savings it might be less inflationary?

Mr. BRYCE: Well, sir, the 25 per cent that I have mentioned was the total of investment both by business and government in durable assets of one kind or another. One has to have savings to be able to do that. You cannot translate the effort of the country to save into real goods unless somebody does produce the capital goods—the houses, the factories or the stocks of wheat or something in which they are embodied. So the two processes are wrapped up together. The saving is necessary in order to spare the resources in order to make the physical investment, and that is the real provision we make for the future. Except with one addition. By saving internally we could lend abroad and reverse this flow that is indicated in line 4 here. Somebody else could then use the savings. In our case, of course, we do the reverse. We make more physical provision for the future than we have accumulating savings out of our income to finance. We get the difference by borrowing abroad or having an inflow of equity capital.

Mr. BELL (*Saint John-Albert*): Then the record of Canadians, in so far as personal savings are concerned, is not too bad? In other words, they are not spending too much on themselves? Our affluence is not a great danger at the moment?

Mr. BRYCE: I suppose all these things are relative, sir. Our rate of saving is high; our rate of capital formation is quite high. In order to get our rate of capital formation as high as it is we have to borrow abroad.

Mr. Rubinoff has just handed me some figures for the total public and private investment as a percentage of the Gross National Product for a number of countries. It might be of interest if I just read these to you. I do not know exactly what they are going to reveal myself.

This shows 24.6 for Canada; 14½ for the U.S.A.—but that does not include public investment, for which we do not have really comparable figures to our own. The 14½ per cent though would compare with about 20 per cent for our