

Mr. Fleming (Eglinton): These tables show that at the end of the current fiscal year our net debt is \$12.1 billion, which is about \$400 million higher than it was at the beginning of the year. In per capita terms it was \$849 ten years ago, \$717 five years ago, and has now dropped to \$681. As a percentage of gross national product our net debt at 34.9 per cent now stands at a lower figure than for any previous year except 1958.

Last year I mentioned the decline in the holdings of Canada bonds by the general public that had been going on more or less steadily since the end of the war, but noted that since September 1958 there had been a sharp reversal of this trend. I am very pleased to report tonight that during the past year the general public's holdings of Canada bonds have continued to increase and that they are now \$1.5 billion more than at March 31, 1959, and \$3 billion more than on September 30, 1958. The latest figures show that the holdings of the general public are now 63.5 per cent of the total outstanding funded debt compared with 62.6 per cent at December 31, 1959, and 57.8 per cent at June 30, 1957.

Net interest payments over the whole year amounted to 4.13 per cent of our net debt at the end of the year, as compared with 3.30 per cent in the preceding year. This rather sharp increase is largely due to the fact that the net debt mounted rapidly during the latter part of 1958-59, and interest on the increased debt was paid for only part of that year. In 1959-60 interest on this increased debt was paid for a full year. The average interest rate on our total unmatured debt stands today at 3.96 per cent compared with 3.54 per cent a year ago.

GOVERNMENT ACCOUNTS 1960-61

I turn now to the budget prospects for 1960-61. The main estimates for the fiscal year totalling \$5,740 million were tabled early in February. In addition there are bound as usual to be some supplementary estimates. Provision will have to be made for the C.N.R. deficit for 1960, although I expect this will be somewhat less than the 1959 deficit, and I must assume that there will be some payments under the agriculture stabilization act and also some additional statutory expenditures.

Offsetting these there will be some lapsings in appropriations although these are likely to be less than in previous years because of the very careful and exacting scrutiny of departmental estimates made by the treasury board this year. As I said on tabling the main estimates, although we have provided for sustaining and in some cases increasing

the expenditures relating directly to national development in such fields as atomic energy, exploration, scientific research, transportation and communication, controllable costs have been carefully scrutinized and sharply restrained.

There is, however, one substantial additional item of expenditure in prospect which I should report to the house and which relates to the review of salaries in the public service.

When I announced on October 13, 1959 that the government was unable to assume, during the 1959-60 fiscal year, the cost of carrying into effect the recommendations of the civil service commission for increases in the salaries of many classes of civil servants, I stated that:

The decision taken by the government, in the light of its financial position, will not preclude consideration being given to the special position of certain categories of civil servants as the government's financial circumstances permit.

In conformity with this undertaking, revisions of the salaries of the nursing classes where special conditions obtained were approved by the treasury board on October 15, 1959 and January 28, 1960.

It is now nearly three years since there has been a general increase in civil service salaries. The last general increase was authorized by the present government in July, 1957 and made retroactive to May 1, 1957. In July, 1958 the civil service commission reported that a general increase in salaries at that time was not warranted. A year later, in June 1959, the commission made recommendations to the government covering the great majority of classes in the civil service. This report recommended widely varying increases for several hundred classes of employees. For reasons which I made public last October the government decided that it could not implement those recommendations.

Our public service contains the widest range of jobs and positions, from unskilled labourers to research scientists. The relative pattern of wages and salaries for such diversified groups in a dynamic society changes with the passage of time and with shifts in the economic and social structure. It has seemed to me that instead of embarking upon periodic general wage and salary increases across the board, it would be a more sensible approach to develop a continuous cycle of reviews and recommendations. In this way the salaries of different groups or clusters of related classes of employees can be reviewed in successive months or quarters in the light of rates of pay prevailing in private employment and in the light of our demonstrated capacity to recruit and retain the right number and quality of public servants.