Mr. Lambert: An hon. members says it is 9 per cent. Well, I am not conducting an auction today. But the rate is certainly 8½ per cent, and if the additional one eighth were brought into the mortgage it would mean an additional 2 per cent over all. It was quite possible last year to negotiate a mortgage at an interest rate of 10 per cent in respect of the total mortgage.

Mr. Sharp: Mr. Speaker, would the hon. gentleman permit me to ask whether he is not aware that short-term interest rates are higher in the United States than they are here?

Mr. Lambert: Yes. I am also aware that certain levels of income tax are higher in the United States than they are in Canada.

Mr. MacEwan: The perfect squelch.

Mr. Sharp: That is completely irrelevant.

Mr. MacEwan: Are there any other questions?

Mr. Lambert: There is no reason why interest rates at all levels in the United States should be lower than they are in Canada. On the other hand, all the income tax rates in the United States need not be lower than they are in Canada.

Mr. Sharp: There is no relationship between the two.

Mr. Lambert: No, but there is room for difference.

The government has need of funds for the coming year. It needs these funds for refinancing. I trust that the minister's colleague, the President of the Treasury Board, will be able to indicate, because I believe this is crucial—perhaps this information appears in the budgetary papers but I was not able to put my finger on it—precisely how much money will be required for refinancing, in other words, for conversion purposes.

Mr. Sharp: It is all in the budgetary papers.

Mr. Lambert: I hope the minister will be able to indicate the precise amount of cash that will be required and also what the government expects to get out of Canada savings bonds in the way of new money in the coming year. It is Canada which must provide the financing requirements of the government and industry. We shall want to know the cash requirements, the net increase through Canada savings bonds, the refinancing requirements, the new cash requirements of the provinces and the capital needs of industry.

We know that some industries overborrowed in the past year because they learned their lesson in May of 1966 when money was so tight. Certainly there has been, shall we say, an overdemand on the monetary market by some corporations which are not going to be caught short again. They have borrowed in order to put themselves in a position of liquidity, as it is said by some. They have no difficulty carrying these additional funds because they can make money on short-term investments. Short-term paper is now paying such a rate that the carrying costs for the corporations of the extra money they were able to borrow and put away is exceedingly small.

I have read one commentary which I think is quite helpful at this time, although I must say I cannot agree with some parts of Mr. Meyer's article. I cannot agree with some of his statements because it seems to me he is able to engage in, shall we say, rationalization after the event. Mr. Meyer neglects some of the factors which were in existence at the time certain decisions were taken. He is now able to rationalize from hindsight. In any event, let us see what he says in an article which appeared in a recent issue of the *Monetary Times*, that for October, 1967. Mr. Meyer's article is headed, "Money And The Economy. Will Government Adjust?" I quote from the article:

> The slower rate of business activity this year would normally have been countered by monetary expansion and an accompanying reduction in the cost of money. The money supply is 11 per cent greater than a year ago.

We know that the Bank of Canada increased the money supply in the past year. I will come to that point later. The article continues:

> But though the cost of money did recede briefly through the spring, it has since risen to levels reached last year when the squeeze was at its worst.

According to Mr. Meyer the cause is, of course, the manner in which governments are pre-empting the market. In this article Mr. Meyer says:

> Net new government issues in the first quarter—

The first quarter of 1967.

> —amounted to $771 million, an increase of $545 million from a year ago. Net new corporate issues—

This is the telling point.

> —amounted to $547 million, a decline of $313 million.