

securities by the banking system. In addition, the federal Government was able to embark upon massive Canada Savings Bonds programs. Some indication of the extent and effect of these financing programs is indicated in the table below:

	March 31, 1967	March 31, 1969	Increase
Bank of Canada	\$3,493	\$3,834	\$ 341
Chartered Banks	4,288	5,603	1,315
			1,656
Government Accounts	814	844	30
Public (residue)	6,624	6,796	172
Canada Savings Bonds	6,026	6,194	168
			<u>\$2,026</u>

3.9 The inflationary impact of some 80% of the increase in federal Government debt being acquired by the banking system is obvious. What is not so apparent is that this table does not reflect the sale abroad (U. S., Western Germany and Italy) of the equivalent of \$284 million of debt which is netted out under the public (residue) statistics.

3.10 During the calendar years 1967-69 inclusive, \$9,860 million Canada Savings Bonds were presented for redemption. Four Savings Bonds campaigns were undertaken which produced sales of more than \$10,460 million at a cost slightly in excess of \$100 million. The resultant net increase in outstandings of Canada savings bonds of \$600 million cost over 17% in underwriting and promotion fees. Few junior governments, no matter how desperate for funds, could afford such expensive money. We are by no means sure that Canadian taxpayers should be faced with such costs either.

3.11 Junior governments were unable to rely upon the