

from repayment of loans, annuity and pension funds, and other sources. There was a marked change in the type of debt outstanding with marketable bonds being retired and savings bonds issued.

Both provincial and municipal governments increased their debt outstanding by smaller amounts in 1965 than in 1964. Part of this decline was made possible by increases in bank loans of \$29,000,000 to provincial governments and \$158,000,000 to municipal governments.

Corporation bonds (including short-term paper of finance and other corporations) issued during 1965 amounted to \$850,000,000, a decline from \$1,029,000,000 in 1964. Business capital expenditures increased by almost \$2,000,000,000 while savings increased by much less, resulting in a sharply increased need for funds. However, as a result of the United States guidelines and the Atlantic Acceptance Corporation default on its obligations, many corporations, particularly financial corporations, were forced to rely less on the money market in 1965 than in 1964. Although bond issues in 1965 amounted to \$1,122,000,000, a substantial increase from issues in the previous year, there was a net redemption of finance company paper and other short-term commercial paper. Bank loans to sales finance companies increased by 76 p.c. in 1965 and to other corporations by 14 p.c. Foreign direct investment in Canada also increased substantially.

Bonds Outstanding.—Total government and business bonds outstanding were estimated at \$48,235,000,000 at Dec. 31, 1965, an increase of 25 p.c. over the \$38,533,000,000 outstanding at the end of 1961. The largest increase of 45 p.c. during the period was in provincial bonds but part of this increase was due to the purchase by the Province of Quebec in 1963 of private hydro-electric companies operating in that province, and the subsequent replacement of corporation bonds by provincial government guaranteed bonds. The total of outstanding bonds includes treasury bills, finance company paper and other short-term commercial paper. It does not include the term deposits, certificates and debentures of trust and mortgage loan companies which totalled over \$3,000,000,000 at the end of 1965. Also excluded is mortgage debt, which the Central Mortgage and Housing Corporation estimated to be over \$18,000,000,000 at the end of 1964.

26.—Net New Issues of Canadian Bonds, 1961-65 and Bonds Outstanding, as at Dec. 31, 1961-65

Notes.—Federal, provincial and municipal bonds include direct and guaranteed issues; corporation bonds include finance company and other short-term commercial paper; "other bonds" include bonds of religious and other institutions and a small amount of foreign bonds payable in Canadian dollars.

Item	1961	1962	1963	1964	1965
	BONDS ISSUED				
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Government of Canada.....	880	801	827	457	-52
Treasury bills.....	-100	280	75	-100	10
Marketable bonds.....	347	58	278	55	-395
Non-marketable bonds.....	843	483	479	602	858
Provincial Government.....	944	709	901	942	743
Municipal Government.....	317	230	334	401	203
Corporations.....	342	626	708	1,029	850
Finance company paper.....	-51	144	166	259	-152
Other short-term paper.....	65	58	-43	46	-120
Bonds.....	328	484	633	724	1,122
Other bonds.....	28	8	29	11	39
Totals.....	2,521	2,374	2,787	2,839	1,763
	BONDS OUTSTANDING, DEC. 31				
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Government of Canada.....	18,636	19,448	20,276	20,733	20,681
Provincial Government.....	8,211	9,051	10,206	11,149	11,895
Municipal Government.....	4,058	4,363	4,698	5,098	5,301
Corporate.....	7,335	7,962	8,223	9,013	9,978
Other bonds.....	293	302	331	342	380
Totals.....	38,533	41,126	43,734	46,335	48,235