

Unemployment Insurance Act

bonds. The fact is, Mr. Chairman, if they had not converted their bond holdings of the remaining victory loan issues, the fifth to ninth inclusive, their holdings would be worth much less today than are the conversion bonds into which the committee converted its holdings. Moreover, they have by that conversion added 1¼ per cent per annum to their interest yields on their holdings of those bonds, and that is a very substantial gain to the unemployment insurance commission. The fact remains—

Mr. Martin (Essex East): Will my hon. friend permit a question?

Mr. Fleming (Eglinton): With pleasure.

Mr. Martin (Essex East): Will my hon. friend say that if the securities amounting to \$300 million had been sold on the open market at a time when these bonds were backed by the Bank of Canada they would not have yielded a greater principal and income return than the situation that now exists?

Mr. Fleming (Eglinton): That would depend entirely, of course, on what was done with the proceeds. This is what the hon. member for Essex East does not face up to. He says, "Oh well, the investment committee should have foreseen that the values of all bonds were going to drop in the markets of this country and of the United States and therefore they should have sold them in the summer of 1958". What would they have done with the money? You see, Mr. Chairman, evidently he is assuming that the money lies idle or that at some time or other it would have been invested in something more profitable. He has made a series of assumptions of that kind—

Mr. Martin (Essex East): Does my hon. friend—

Mr. Fleming (Eglinton):—and if the hon. member for Essex East has that kind of foresight in relation to the bond market then he is either a mighty success in the bond market himself or he is depriving himself of the legitimate fruits of a foresight that is not possessed by any other person in this country. I do not think that the people of this country—

Mr. Martin (Essex East): Will my hon. friend permit a question? My hon. friend overlooks the fact that the unemployment insurance fund does not have the status of a private investor. There were reasons why the fund should have cash on hand. It had heavy obligations to meet. Thousands were out of work as a result of the policies of the government. That is why they should have been in a liquid state. My hon. friend

[Mr. Fleming (Eglinton).]

says, "What would they do with the cash?" They would have given that cash to the unemployed in our country in accordance with contractual obligations.

Mr. Fleming (Eglinton): Mr. Chairman, does your mind carry you back five, ten or fifteen minutes ago when the hon. member for Essex East complained that when I asked him simple questions I was introducing statements? It is very interesting now to sit back here and listen to him ask a question which is but one more declamatory speech full of the same kind of errors and misleading propaganda as practically all his interventions in this debate and quite on a par with the way he conducted his questioning in the standing committee on industrial relations.

I tell the hon. member again that the transactions on the part of the investment committee in 1957, 1958 and 1959 have nothing whatever to do with the bill. They have nothing whatever to do with the reasons for coming to parliament for the enactment of this bill. If the bond market had not weakened this measure would still be here because it was necessary to bring into balance measured over a reasonable period of time, in this case the last five years, contributions to the fund and outgo from it, and nothing that the hon. member for Essex East has said in these aberrations of his will change that fact.

Mr. Benidickson: Is the Minister of Finance going to be with us tomorrow as we continue discussion of this bill? I have a few questions.

Mr. Fleming (Eglinton): Why not go ahead and ask them?

Mr. Benidickson: I will indeed but I was wondering how much we would get from the presence of the Minister of Finance and his interventions in the debate. He made the point in connection with some of the references to section 86 that there had been no interference with the investment committee with respect to acquisitions. With respect to the decision to sell or not to sell, on that point it seems that the cabinet has in this case intervened with respect to a decision not to sell and has completely avoided the advice of the investment committee. We heard the governor of the Bank of Canada state in the standing committee that he was not consulted about this matter by the unemployment insurance commission. Did the Minister of Finance consult him when he had the responsibility for taking to his colleagues in the cabinet a decision of this import, a decision to lend \$80 million involving the question of whether or not that was the right thing to do as opposed to selling Dominion of Canada securities? Did the Minister of Finance consult the governor of the Bank of Canada?