

Hon. Mr. Grosart: Does the honourable senator find it a matter of regret that there were so many independent forces operating to replenish the fund?

Hon. Mr. Hayden: Well, my friend poses a question I thought I had answered. Before he rose I had said I was not unhappy that these forces were at work. Now my friend asks me if I felt badly that these things happened. Certainly I did not feel badly. I was very happy, and the more such forces we can have the better will it be for Canada.

Hon. Mr. Grosart: I only interrupted the honourable senator because I was so delighted to hear that bright note of happiness. I thought it would be to the benefit of this chamber if he repeated it.

Hon. Mr. Hayden: That is very nice. The only difference between my friend and myself is that when he says a thing once, his descriptive powers are to the ultimate and cannot be improved by repetition. I am happy to repeat something if it gives me an opportunity of obtaining a larger following, but I am not so foolish as to think that anything I say will convert my friend to my point of view. I suppose I should also say that so far anything my friend has said has not converted me to his point of view. There is a slight difference between our two positions.

Now we must move along because I do not want to take too much time. However, I do not yet wish to leave the subject of devaluation because, except as a remedy in very small doses, devaluation is not a good thing for Canada, just as it is not a good thing for any country. Do not delude yourselves that devaluation is a cure-all; we needed it and we took the necessary steps. In dealing with the question of devaluation for Canada, I do not think I could do better than quote a statement on this subject by Graham Towers, a man whose qualifications I need not enumerate. He said this:

It should never be forgotten, however, that it is a relief for which Canadians have to pay in the form of a higher level of prices and lower effective value for the savings that they have accumulated in bank deposits, life insurance bonds, prospective pensions and similar investments. There may be circumstances in which a country has no practicable alternative to the acceptance of such a penalty. Canada has no valid excuse for taking more than a small measure of this insidious prescription, accompanied by a resolve to handle our affairs in such a way that the dosage need not be repeated.

There are just one or two other matters I wish to refer to. Again I say that I do not want my friend the honourable senator from Pickering (Hon. Mr. Grosart) to get the idea I am picking on him, nor would I want the honourable senator from Gormley (Hon. Mr. McCutcheon) to feel I had omitted any reference to his remarks, because he said one or two things that I would like to comment on briefly. Of course, I have known the honourable senator from Gormley for a long time, from those early days in law when we used to try to wrestle with motions and other chamber work in Osgoode Hall. I have the deepest respect for his business judgment, but for most of his speech I was completely lost.

I had expected his speech to reflect the great contribution—as heralded by the newspapers upon his appointment as Minister without Portfolio—his experience and judgment on financial matters would bring to the affairs of the Government and of the country. But, as I read page after page of his speech I could see only quotations from what the honourable Leader of the Opposition (Hon. Mr. Macdonald, Brantford) had said, and the answers in some cases were to the effect: Well, we know that; that is obvious, or, that is answered by so and so. Finally I got down to the one question about confidence. In dealing with the statement of the honourable Leader of the Opposition, and several references he had made to show that confidence in Canadian housekeeping and management of our affairs had suffered materially, the honourable senator answered by referring to the loan of \$250 million that the Government had negotiated in New York.

Honourable senators, there are some features of that loan which I should point out. The loan was for \$250 million payable in U.S. dollars, with an interest rate of 5 per cent in U.S. dollars. My honourable friend seemed to find some comfort in the high interest rate because he pointed out that withholding tax would apply to make the rate really one of $4\frac{1}{4}$ per cent.

It is rather interesting—and perhaps my honourable friend might have told us this since he went as far as he did—to ask why the loan was negotiated by private subscription instead of being a public offering. My own suggestion is that a public offering would have taken some time to clear the Securities and Exchange Commission of the United States, and also that the Government wanted an announcement of that kind to be made before the opening of Parliament on September 27 last. That is just my guess.

Two of the five insurance companies which subscribed were the Prudential of America and Metropolitan Life. Both those companies