

In Canada the longest victory loan (3 per cent 1966) was not completely converted, and its market price declined over the period in question from 97.50 in April, to 94.50 in early July, and to 92.13 at the end of December, a decline of about $5\frac{1}{2}$ points. However, the typical holder of this victory bond converted into the new $4\frac{1}{4}$ per cent 1972 or $4\frac{1}{2}$ per cent 1983 which on December 31st traded at 95.63. His new bond is thus about a point higher than his old bond just before the conversion and is paying him 50 per cent greater interest.

The American holder of the last United States victory loan ($2\frac{1}{2}$ per cent 1972) watched the market price of his bond decline from 97.38 in April to 85.81 at the year end, a total decline of more than $11\frac{1}{2}$ points over the period, and at the end of that time he still possessed a bond paying $2\frac{1}{2}$ per cent interest.

It remains to be added that in the eleven-month period, January to November, new issues of provincial government bonds in 1958 payable in Canadian dollars equalled in amount those of 1957, and were 60 per cent larger than in 1956, and marketings of new issues of municipal bonds payable in Canadian dollars were 74 per cent larger in 1958 than in 1957, and 32 per cent larger than in 1956. Marketings of corporate bonds in 1958 declined somewhat, as compared with 1957 and 1956.

Before I leave the subject of debt management and the bond market, let me paraphrase in Canadian terms a passage from a recent speech by the Honourable Robert Anderson, United States Secretary of the Treasury:-

"All too often these problems are regarded as something of concern only to the Treasury or involving only those engaged in security transactions. That, of course, is not true. The influence of the national debt and the way in which it is handled penetrates every corner of Canadian economic society. The volume of debt financing that is required, the distribution of the debt in length of maturity and ownership, affect the whole scheme of individual, corporate, municipal, and provincial financing, and bear a significant relationship to how we accomplish the economic goals of a free society.

"There is more involved here than consideration of equity and profit for the holders of securities. Debt management is at the heart of the whole problem of national thrift. It is a major part of the responsibility resting on a competitive society for maintaining monetary integrity, institutional liquidity, and the achievement of growth. Decisions bearing on the management of the debt touch the lives of every individual of our nation."