

*Financial Administration*

will not have any more—what shall I say—by-passing of the words which describe what is actually going on.

**Mr. Wright:** Mr. Chairman—

**Mr. Sinclair:** I think the hon. member for Greenwood has again done a service as far as the bond holders of Canada are concerned by drawing to the attention of the people once again that the interest rate on a bond is a price. I am glad he agrees with the statement the Minister of Finance made to the public accounts committee the other night. However, why I rise is not so much for that as to repeat, in fairness to the former minister of finance, Mr. Ilesley, the statements which he made when he was minister. It may be quite true that enthusiastic bond salesmen selling bonds during the war in patriotic drives may have led the individual citizen to believe that his bond was cashable at any time before maturity for face value. I am glad that the hon. member for Melfort just rose because my recollection is very clear that each year some member of the C.C.F. party—and it was generally the hon. member for Melfort—would rise and ask Mr. Ilesley whether or not he would guarantee that these bonds would be redeemable at any time for \$100. On every occasion Mr. Ilesley was quite definite in saying no. He did think there would always be a good market for them and that the security of Canada was the best security that could be offered behind any bond, but at no time did he, speaking as minister of finance in the House of Commons, ever say or give any indication that they would always be redeemable at par. At the end of the war, the hon. member will recall, we put out one issue of savings bonds at a lower rate of interest which are redeemable, as is the case with the last issue, for their face value at any time. However, they were limited in the amount which could be held by any individual, and carried a lower rate of interest, which gets back to the point of the Minister of Finance (Mr. Abbott) that in no one instrument can you expect high security, high liquidity and a high rate of interest.

**Mr. Macdonnell (Greenwood):** I want to make it clear that the farthest thing from my mind was to suggest that Mr. Ilesley ever did so. I think he was a good man in adversity. I think immense pressure must have been put on him to go as far as he would go, and he certainly avoided it.

**Mr. Wright:** The parliamentary assistant to the minister has indicated Mr. Ilesley's stand quite correctly with respect to suggestions made by myself and others in this group with regard to having victory bonds

[Mr. Macdonnell (Greenwood).]

issued during the war made redeemable at par. He did not do that although Mr. Ilesley did indicate that no government could afford to allow these bonds to fluctuate too violently. I think that is a fair statement of what he said. However, recently the Minister of Finance has been selling bonds at a very slightly lower rate of interest than was paid on other bonds which are redeemable at par. They seem to have come around to that idea, and the bonds that have been issued in the past three years if held for ten years will yield an interest rate of approximately 3 per cent, which is about the same rate as was payable on some of the older bonds. Therefore it can be done and is being done.

I am glad that the hon. member for Greenwood has come around to the point where he realizes that there must be a stable market for Canadian bonds. We in this group believe that, as well as the dominion government having the responsibility for maintaining a reasonably stable market for Canadian bonds, it should also be prepared to maintain a reasonably balanced economy in this country through the operation of certain controls. Do not let anyone get away with the idea that we have not got controls today. There is the control of taxation. There is the rediscount rate of interest which is controlled by the Bank of Canada. There are controls on borrowing. The government is using all these controls to maintain a reasonably stable economy, and I think they are right in doing so.

**Mr. Adamson:** The fact is that the Bank of Canada is almost the sole bidder for government bonds at the present time.

Section agreed to.

Sections 18 to 22 inclusive agreed to.

On section 23—*Uncollectable debts.*

**Mr. Herridge:** I should like to ask the parliamentary assistant a question on this section concerning uncollectable debts. I have noticed a few cases of companies going bankrupt and owing the department certain amounts for sales tax collected from their customers. I know of one company which, having collected sales taxes over a period of a year or so, owed them for that period or longer and then the company went into bankruptcy. I have personal knowledge of one or two companies where the department apparently made no attempt whatever to collect that sales tax from the estate. I should like to ask the parliamentary assistant to explain what is done by his department to collect these amounts owing in case of bankruptcies. Then, in the case of companies, I presume there is no criminal prosecution, but is there a criminal prosecution in the case of individuals owing sales tax?