

Supply—Finance

Mr. Fleming (Eglinton): Does my friend not appreciate the difference between monetary policy and money supply on the one hand and fiscal policy on the other, including exchange rates?

We were asked to accept the view of the hon. member that there had been some shortcoming on the part of the government because bonds have been issued at discount. We have issued bonds at discount in the three years we have been in office, but this is not the first time that bonds have been issued at a discount, whether short term or long term bonds. These are nothing new. These are issued in relation to conditions prevailing at the time. I dealt fully with this, when I spoke in the house on April 28, 1959. There I pointed out that my predecessors had done the same thing, issued bonds at discount. Here are various series of long term bonds put out at discount prices by our predecessors. I pointed this out, giving full particulars of them. Here are discount prices of 97, 97 and so on, so that the hon. member should refresh his memory on an earlier period in relation to the prices.

Then as to short term issues I gave the details of issues by our predecessors at discount. Here are some of the figures. They are to be found at page 3120 of *Hansard* of that date: 97½, 97.15, 98, 97.85, and so on. One could go on; there is nothing unusual about this. These are simply in keeping with the practice that has prevailed on the part of our predecessors.

The hon. member concluded his remarks by saying that he expects a flight from the Canadian dollar; that he expects we shall see a depreciation of our bonds and we shall see a depreciation of our currency.

Mr. McMillan: No, I did not say that. I said that if we did not get a change in policy we would.

Mr. Fleming (Eglinton): The policies which have brought about the benefits which I have reviewed now, particularly in relation to this year's budget, are the very policies which will prevent any flight from the Canadian dollar and will prevent a depreciation of currency or of the value of Dominion of Canada obligations. There is no flight from the Canadian dollar, believe me, Mr. Chairman. As a matter of fact there are evidences that more capital has been coming into the country even lately. There have been some movements in the exchange of late. This does not indicate any loss of confidence in the Canadian dollar. On the contrary, such movements as have existed in relation to capital indicate that there is as much confidence as ever throughout other countries of the world in the strength of the Canadian dollar and in the way in which we handle our finances in

this country. In saying that I repeat that I do not wish to see a premium on the Canadian dollar such as we have had in times past. That has been the result of a heavy inflow of capital into this country because of the confidence that is reposed in this country and in its financial policy on the part of investors abroad.

The Deputy Chairman: I am sorry to advise the minister that his time has expired.

Mr. McIlraith: Go ahead.

The Deputy Chairman: Will the committee give unanimous consent to the minister to continue?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton): I think I had completed my treatment of the subjects raised by the hon. member for Welland. I owe it to the hon. member for Vancouver East and to the hon. member for Outremont-St. Jean to say something concerning the points they raised.

First, may I say of the speech of the hon. member for Vancouver East that I think it was a constructive approach to an admitted problem. In what he had to say, in calling for a survey of the responsibilities of the various levels of government and of the capacity of various levels of government to meet their responsibilities, I do not see how anyone could take issue with him. That is what we are engaged in doing at the present time and were doing in the course of the dominion-provincial conference and in the preparation that led up to it. That is why the continuing committee of officials which was first set up some years ago when Mr. St. Laurent was prime minister, I believe at the suggestion of Premier Frost, at a dominion-provincial conference, and the work of that committee have been so timely and so useful. I pointed out earlier that this is the first occasion, this recent meeting of the dominion-provincial conference on July 25, 26 and 27, that the work of preparation for a conference at the plenary level had been carried out jointly by those who represent the federal and provincial levels of government. Previously there had been preparation at the federal level and the provinces, on the other hand, had made their preparations, but this is the first time that preparations have been carried out jointly.

Mr. Martin (Essex East): Mr. Frost ridiculed and criticized the idea of a study group.

Mr. Fleming (Eglinton): Not at all. Mr. Frost has not done anything of the kind. That committee was first set up on the motion of Premier Frost.

Mr. Martin (Essex East): But he has ridiculed the way it has developed.