committee in this respect but on comparable issues as between Canada and the United Kingdom for example, the rates on mid-term bonds, Canadian $2\frac{3}{4}$ per cent bonds maturing in 1967 and 1968—comparing those with United Kingdom 3 per cent bonds due 1965 to 1975—the yield today in the market on the Canadian bonds as at the end of July is 4.57 per cent and the yield on the United Kingdom bonds is 5.98 per cent, yet the hon. member says that our bonds are selling lower than almost any country in the free world.

The price of these bonds runs in relation to the interest rates payable. It may be seen here—I could give other figures—that we are in a position in this country to do business in the financial market on terms which are not available to the United Kingdom government in the United Kingdom market when you see how much lower the effective yield on these Canadian bonds is as compared with that prevailing in the United Kingdom on United Kingdom bonds.

Let us look at the treasury bill rates. A year ago we were being screamed at because the treasury bill rate was around 6 per cent. At the time of the last offering of treasury bills, August 4, the rate on the three months treasury bills was 2.83 per cent, a rate that is I am sure the envy of many countries in the world.

Mr. Martin (Essex East): You interfered with the bids at one point.

Mr. Fleming (Eglinton): Yes, with very beneficial effects.

Mr. Martin (Essex East): Yet you say you have no control over monetary policy.

Mr. Fleming (Eglinton): I pointed out that the government can only operate with due regard for the law of supply and demand and on that occasion we reduced the demand with beneficial effects just as budget policy has been shaped, as I indicated earlier, with a view to reducing demands on the financial markets, and the results have been very beneficial in terms of increased confidence and a decline in interest rates.

I turn now to comparisons with the treasury bill rates in other countries. The comparable rate in the United States at the end of July was 2.4 per cent. The country with the greatest reservoir of capital in all the world was paying 2.4 per cent, and Canada is paying just 2.83 per cent on the last offering for similar treasury bills. The United Kingdom, in its offering of treasury bills of three months duration, at the end of July was paying 5.55 per cent; Canada's rate is 2.83 per cent.

One could go on with other evidence to answer the statement made by the hon. member for Welland. He undertook to say also that we were concentrating too much in our financing on issues of short term bonds. Let us look at the issues that have been put out just in the last fiscal year, whether of Dominion of Canada bonds or C.N.R. bonds bearing Canadian government guarantee. On May 15 last the C.N.R. sold an issue of $60 million of nine year term and $90 million of 18 year term bonds. On July 1, as the hon. member has indicated, we offered some short term issues. On October 1, we offered some short term issues with the convertible feature. I might point out, that of the $135 million of the bonds that were exchangeable out of that October 1, 1959 issue, exchangeable prior to June 30 of this year, into 16-year bonds, a total of $121 million was exchanged for the bonds maturing in 1975. On December 15, there was a further C.N.R. issue of $200 million five year maturity and $100 million 25-year maturity; on February 15, a federal issue of $100 million of two-year seven and a half months bonds; and $200 million of bonds maturing in three years one and a half months; on April 1, we issued $249 million of bonds maturing in three years; and $80 million of bonds maturing in nine years; on June 1, of this year, $140 million maturing in two and a half years. Therefore, the evidence, I must say, answers the hon. gentleman. We have been selling bonds in a very good range of maturities so as to be able to obtain the benefit of the various sections of the market.

The hon. member had something to say about the discount on the Canadian dollar. I have made known on a number of occasions my own personal satisfaction that the discount on the Canadian dollar has shown a substantial drop. I repeat that in relation to what I said earlier in disposing of that baseless assertion that emanated from New York that we had sought to support the Canadian dollar, we did no such thing and today—

Mr. Martin (Essex East): Who is "we", the government or the Bank of Canada?

Mr. Fleming (Eglinton): In relation to the operation of the exchange fund, as I pointed out earlier today and have on other occasions, the Bank of Canada operates as the agent of the Minister of Finance.

Mr. Martin (Essex East): That is right. The government has no responsibility for monetary policy, my friend says.

Mr. Fleming (Eglinton): That is not monetary policy.

Mr. Martin (Essex East): I know; I do not need a lesson from my friend.