

Hon. Mr. ABBOTT: I do not say that. The conditions were quite different during the war. There were very few other avenues for investment during the war. We were taxing very much more heavily than we are today and there were very few avenues within which current savings could be invested other than in government securities. All I think any government should ever attempt to do in the management of public debt is to see that there is an orderly and stable market for its securities, and the price that is paid for those should be determined, over the long pull, by the demand for them and by other matters of monetary policy in which, of course, no country can be entirely independent.

Mr. MACDONNELL: It is unfortunate, Mr. Minister, that some of your predecessors were not quite as careful in their choice of words as you are. I think it was your predecessor who, in 1945, said that we now had a mechanism where interest rates were going to be maintained. There was never a statement that bonds would not go below par. Mr. Ilsley never said that, but he and others came so close to saying it that I am sure the ordinary salesman did not have to go even a microscopic distance to say that government bonds will never go below par, and I am afraid that is what the salesmen did say.

Mr. WRIGHT: You made the statement, Mr. Minister, in the course of your remarks that to sell government securities you must maintain some stability in the market.

Hon. Mr. ABBOTT: No, I did not make that statement. I said the responsibility of the government is to maintain orderly and stable market conditions, and that has been done, Mr. Wright, and it is done today.

Mr. WRIGHT: It is done by the operation of certain controls by the government?

Hon. Mr. ABBOTT: It is not done by the operation of certain controls. The management of the public debt is a fairly continuous technical operation which requires the operation of good judgment on the part of central bankers and others.

Mr. WRIGHT: It requires controls, in other words?

Hon. Mr. ABBOTT: No, it does not require controls, it is the operation of the interest rate that does it, and it is the operation of the law of supply and demand today that tells you what you will get for your bonds. But if any large buyers come into the market for bonds in any large volume, the price of those bonds would go up just as it did after the war when victory bonds sold at a premium of 5 to 7 per cent. It was not government support that took them there.

Mr. WRIGHT: If they fluctuated too violently, this government would have to exercise certain controls?

Mr. MACDONNELL: Support.

Hon. Mr. ABBOTT: It all depends on what you mean by controls. Your idea of controls and mine differ, Mr. Wright.

Mr. WRIGHT: I do not think they are so different. What it comes to is that you can exercise the necessary controls, and that is all I infer by controls.

Hon. Mr. ABBOTT: I do not think there is much difference. My point is that I think it is completely impractical and, as a matter of fact, it is completely undesirable for any government to guarantee a 15 or 20 year bond and say that it will always be selling at a certain price.

Mr. WRIGHT: That is what you are doing now.

Mr. SINCLAIR: On a comment made by Mr. Macdonnell—as I remember, in 1945 a certain optimism was expressed, not by the Minister of Finance