Hon. Mr. Wood: Including bonds?

Hon. Mr. Roebuck: Yes, including bonds, but to a somewhat less extent. I have said that it is the money which is ready to be tendered that counts. The money that goes down in someone's stocking is out of circulation. So it is the security that is negotiated and used that counts in the balance between commodities and money. When the government issues bonds, the public frequently buys them merely for investment, with no intention of offering them for sale on the market. In that way that money goes out of use, and no longer affects the balance on one side or the other.

Hon. Mr. Wood: It is used as collateral for borrowing.

Hon. Mr. Roebuck: It may be; and when it is, it affects the inflation spiral. But in that case it is not the bond, but rather the money that is received for the bond or perhaps the credit that is got for the bond, that counts. Credit of all kinds is purchasing power, and in the equation between the amount of goods available and the money on hand to buy them, purchasing power is the same as money.

Hon. Mr. Haig: May I ask a question?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Haig: If the rate of interest on bonds were increased, would more people be induced to invest in them?

Hon. Mr. Roebuck: I think it would have that effect. Certainly, increasing the interest on bonds would make them more attractive, and therefore more saleable. It might well happen that some people who ordinarily invest in consumer goods would put their money into bonds at a higher interest rate, and put the bonds into their strongboxes. In that way their purchasing power for consumer goods would be increased.

Hon. Mr. Hayden: But such a course of action would increase the cost of living, would it not?

Hon. Mr. Lambert: No.

Hon. Mr. Hayden: My friend will please excuse my interruption. Public borrowing increases the cost of public financing. Is that not right?

Hon. Mr. Roebuck: Yes.

Hon. Mr. Hayden: Therefore the result is increased taxation, which leads to increased cost of living.

Hon. Mr. Haig: No.

Hon. Mr. Roebuck: I answered the question as it was put. Of course there is a disadvantage in increasing the amount which the government must pay for borrowed money. It increases the cost of government, and to that extent raises the cost of living.

Hon. Mr. Haig: Now, does it? Does not the increased cost of government come out of the man who has the money?

Hon. Mr. Roebuck: There is no doubt that increased taxation has the effect of keeping prices down.

Hon. Mr. Haig: Of course it has.

Hon. Mr. Roebuck: To the extent that the prospective purchaser is taxed, he is deprived of purchasing power in competing for the commodities that are available.

Hon. Mr. Nicol: What section of the bill is the honourable gentleman discussing now?

Hon. Mr. Roebuck: I have discussed the whole purpose of the bill.

I now turn to the measure itself. Perhaps I should first read the preamble, which is as follows:

> Whereas in the preamble to The Essential Materials (Defence) Act—

I understand that bill is now before the other house.

> —it is recited that in order to avert possible disruption of the defence preparations therein referred to, to lessen the resultant disruption of normal trade and commerce and to prevent economic disorder and hardship on a national scale, it is essential in the interest of Canada as a whole to provide for the control and regulation of the production, distribution and use of the materials and services therein referred to; and such defence preparations may be expected to expand purchasing power and the demand for consumer goods, and at the same time limit the quantity of consumer goods available for ordinary or civilan requirements; and it may therefore be necessary, as a further measure to counteract possible adverse effects of these developments upon such defence preparations, normal trade and commerce and the economic life of the nation, to take steps to restrain the expansion of purchasing power and the demand for consumer goods by preventing inflationary expansion of currency and credit; and it is therefore essential in the interest of Canada as a whole to provide for the restriction of consumer credit.

Section 2 of the bill contains the definitions, the first of which is "charge account". No doubt most of our wives have one. Briefly, "charge account", means an agreement or an arrangement whereby the buyer gets possession of goods on the condition that any unpaid balance shall be due and payable in a lump sum. By paragraph (b) "consumer goods" mean,

> —any goods or class of goods declared by the Governor in Council to be consumer goods for the purposes of this Act.

The government by that definition is taking a very liberal right, in that it may control any class of goods if the competition appears to be too strong, or for any other reason.