

*Interim Supply*

public bodies in this respect, and I hope the minister will consult the provinces about this because on the facts—

**Mr. Fleming (Eglinton):** Will the hon. member recall that bonds were issued at a discount under the previous regime where it happened to meet the needs of the market at the particular time, even when he was parliamentary assistant to the then minister of finance? This is nothing new at all.

**Mr. Benidickson:** I will challenge the minister to give the house particulars of returns from government bonds in any recent flotation by the former government or going back for many years that netted to a taxpayer paying a rate of 50 per cent a yield of 6.6 per cent as a result of the use of this feature of discount which is non-taxable.

**Mr. Fleming (Eglinton):** The hon. gentleman is running away from my question completely.

**Mr. Benidickson:** Not at all. The minister has all the information. He says that this feature of the federal government losing the income tax is something that he can attribute to the previous government in similar conditions in recent times, and I simply ask him to inform the committee of those facts. In addition, I have always heard from the minister that interest rates in Canada have been rising recently simply because of our proximity to the United States. It just happens that in recent weeks, Mr. Chairman, while rates in Canada have been rising very markedly, the trend has been the very opposite in the United States, and I do not see the validity of that kind of argument.

**Mr. Fleming (Eglinton):** That is not true.

**Mr. Benidickson:** The point I really want to draw to the attention of the house—

**Mr. Fleming (Eglinton):** Does the hon. member say that interest rates in the United States have been going down? Did I hear him say such a thing?

**Mr. Benidickson:** Yes.

**Mr. Fleming (Eglinton):** Then I am sorry, Mr. Chairman, that my hon. friend is not better informed as to the facts because the facts are dead against him.

**Mr. Benidickson:** I will put a quotation on the record and the minister can correct me if I am wrong. We do not have the sources of expert information that he has. I simply have to do my own reading. In the *U.S. News and World Report* of March 9 I find the following:

Short term interest rates have declined despite the firm hand of the federal reserve on credit

[Mr. Benidickson.]

supplies. The treasury on its February 23 offering of 91-day bills accepted an interest cost of 2.589, down from 2.726 the week before and 3.035 on January 19.

I think this statement, Mr. Chairman, is a direct challenge to the minister. When questioned on the matter of interest rates and government action to encourage raising them or to prevent them from rising, he has always taken the attitude that he has nothing to do with it. He says he sits in a vacuum and lets the money market settle the matter. If there was anything that the government did to bring interest rates down after they came into office I should like to hear about it. On January 27, 1958, as found at page 3852 of *Hansard*, the minister had this to say:

That tight money policy has now been eased in line with the policies of this government.

In other words, when interest rates were declining he took credit for it but when interest rates have been rising rapidly he absolves himself from any responsibility. He says that he is a complete neutral.

**Mr. Fleming (Eglinton):** I am no neutral.

**Mr. Benidickson:** On November 25, 1957, and this is another example of the political advertising the minister does with respect to this very important problem—

**The Chairman:** Order. I regret to interrupt the hon. member but I must advise him that his time has expired.

**Mr. Benidickson:** I just have a three-line quotation.

**The Chairman:** Does the committee consent?

**Some hon. Members:** Agreed.

**Mr. Fraser:** Let him get it off his chest. It is not very good anyhow.

**Mr. Benidickson:** This is what the minister boasted to the federal provincial conference on November 25, 1957:

Here in Canada, quietly and gradually over the last three months, the tight money situation has been eased. Those whose business it is to follow the bond market will have noticed it—and that includes many of you here—but it has not attracted as much attention as one would think it has merited. Interest rates have declined.

I simply say to the minister that if he takes credit for his administration when rates decline will he give the committee some explanation of present government policy because there has been a very marked increase in rates in recent times?

**Mr. Herridge:** Mr. Chairman, I rise to deal with two questions which I assume I can deal with properly on going into interim supply. They come under the administration of the Prime Minister and the Minister of Justice. According to the Prime Minister, the