

Hon. Mr. Power: I will do my own arithmetic, but there is something that seems to be very extraordinary. All the members on this side of the house must have the same lack of education as I have, because they all seem to agree with my figures here.

Hon. Calvert C. Pratt: I think there is a lot of value in the point brought out by the honourable senator from Inkerman (Hon. Mr. Hugessen), and perhaps indeed the Government is going too far into the future with the higher rates. It must not be forgotten that these new issues are to take the place now of 3 per cent bonds which will be maturing in period after period, the first one coming very soon.

When will the dominion Government be able to go into the market and borrow at the old rates? Perhaps not again, but no one can tell at this time. First of all, it has to redeem the bonds as they mature. At what rate it will be able to borrow in five, ten or fifteen years' time, no one can say now. It is purely a matter of judgment. We do know the public would not be satisfied to invest in 3 per cent securities at this time. There is no doubt about that. So the case is not as simple as it looks when we say that the present policy is going to cost so much a year extra for all those years. As the outstanding loans mature, undoubtedly there will be some great variation in the rates of interest beyond the 3 per cent, which is the rate of the present maturities.

Hon. John T. Haig: I think that my honourable friend from Gulf (Hon. Mr. Power) has missed one point. We are not able to sell bonds at 3 per cent now at all. The late Government was selling dominion bonds at more than 3 per cent. It was selling them at 3½ per cent, and it guaranteed payment at face value on presentation.

Hon. Mr. Euler: Those were Canada Savings bonds.

Hon. Mr. Haig: They are similar to Victory bonds and are exactly the same kind of security. The only difference is that you can take a Canada Savings bond into the bank at any time and get your money.

The honourable senator from St. John's West (Hon. Mr. Pratt) spoke of the interest rate on Government bonds. That is the crux of the argument. The Victory bonds will mature in 1959, 1962, 1964 and 1966—a great many of them in 1966. What rate of interest will the Government have to pay then? We shall have to face a market that has always been difficult. The United States will be borrowing money like everything. At present Canada is borrowing money freely because we have become accustomed to extravagant ways

of living. The Government is spending extravagantly; and of course the previous Government was doing the same thing. The cost of living index has gone up from 100 to 186 since I came to this house, and it has jumped up more than 100 per cent since many senators first came here. I am persuaded that time will show the conversion deal was a good one from the standpoint of the Government, because in order to carry on its undertakings this country must do its financing in the same way as the other countries of the world are doing.

In the past we have bought far too much from and sold too little to the United States. That picture has changed some in the past six months. I recall the senior senator from Ottawa (Hon. Mr. Lambert) saying to me in this house, "Well, it shows that the Government is doing fine—we can buy more from the United States than we have to sell to them". But the debt was climbing all the time. As to the present Government, some people are judging it before it is half-way through the course. Let us finish the course. There is lots of time. There will not be an election for four years, and in the meantime the members of the Opposition will have lots of time to criticize the Government. Honourable gentlemen opposite forget that there was an election in June 1957. When Parliament assembled last fall it was said that the election result was just a spasmodic action by the people and it would not happen again, that when the people woke up and came to their senses those "Conservative rascals" would be kicked out. But in this spring's election those "Conservative rascals" came back with the largest majority that Canada has ever known.

Hon. Mr. Euler: You are not in a campaign right now, are you?

Hon. Mr. Haig: They did it in Ontario, Quebec, and the Maritime provinces. We haven't any Liberals at all in Manitoba; they have all moved out and we are all Conservatives there. The same is true in Saskatchewan, except that there they had a C.C.F. member who "got away with murder".

Hon. Mr. Euler: Honourable senators, I rise on a point of order. The honourable gentleman is not addressing himself to the subject at all.

Hon. Mr. Haig: It is a budget debate.

Hon. Mr. Euler: Oh, no.

Hon. Mr. Haig: Yes, it is; we are talking on the budget.

The Hon. the Speaker: Will the honourable gentleman kindly confine his remarks to the subject under discussion?