ond issues, that tax concessions such as 'double depreciation' will stimulate xpansion, and so on. There is infinite variety to the conclusions which may e drawn from a detailed examination of the Budget and the financing methods nnounced with it. The correct interpretation of a Government Budget is a ricky affair and one needs to be on guard not to fall into obvious errors in ealing with such things as the difference between a surplus or deficit on udgetary accounts and an over-all cash surplus or deficit. And, as well, in ecent years budget policy has often been declared to be deliberately aimed at educing the swings of the business cycle so that Government taxation and xpenditure policy tends to run against current trends. To sum up, however, repeat that an analysis of budgetary material and figures needs to be done very arefully if one is to avoid incorrect conclusions.

My last point is that the <u>size</u> of government borrowings ill largely determine the methods used and the sources from which the funds must e obtained. Before the war, Canadian Government borrowing was on what now ppears to be a small scale; there were few non-institutional lenders, and the ype of loan operation resembled that of any large corporation bond issue. During he war, there was necessarily an enormous increase in the magnitude of loan perations, and we all became more aware of the far-reaching effects of overnment borrowing, and of fiscal policy in general, in determining the course nd nature of economic events. New methods had to be developed, suited to the onditions of the time. I do not intend to describe the work of the National War inance Committee, as the story of their operations is conveniently brought ogether and summarized in a publication entitled, 'Statistics and Information n Dominion Government borrowing operations from September 1939 to December 1945', hich I commend to your attention. I should, however, mention one post-war evelopment which grew directly out of the wartime operations, namely, the reation of the Canada Savings Bond. It was during the war that Government orrowing for the first time reached out to practically all income earners. undreds of thousands of people who had never before purchased Government bonds r other securities became accustomed to methods of systematic saving through he payroll savings plan and instalment purchase systems, coupled with the rovision of small savings instruments backed by the Dominion Government and eadily cashable in case of need. It was in order to continue to provide imilar facilities after the end of the war that the Canada Savings Bond was eveloped. During the three years it has been on sale, including the special ampaigns in the autumn of each year, there have been a total of three million ndividual sales, amounting to $1,063 million, including 1,745,000 sales to ersons who made purchases of $341 million on the payroll savings plan.

With the return of peace-time conditions, extensive shifts n holdings of wartime purchased Government bonds between different classes of nvestors was to be expected. As consumer goods, homes, etc., became vailable, individuals, as a group, tended to reduce their holdings. Life nsurance companies wished to switch some of their holdings into other classes f securities for increased yield and diversification reasons as such offerings ecame available under long-delayed capital investment plans of industry, rovincial and municipal governments. In many cases reserves created by industry or this purpose and invested temporarily in Victory Bonds were spent and the onds sold. On the other hand, pension funds, various types of other trust funds nd government accounts, such as the Unemployment Insurance Commission Fund, ontinued to be buyers of the highest grade securities. The banks also at times ere buyers. In other words, the first few years after the war were naturally nes of adjustment in debt ownership as well as in other fields. While the overnment has not found it necessary to go to the market in a major way either or cash or for refunding purposes during this adjustment period, the time is rawing near when such major refunding will have to be undertaken. The First ictory Loan 3% bonds are callable a year from next June, with final maturity ate in June 1951. From then on the job to be done will grow. What methods or echniques will be used in these coming large scale pieces of financing are not et announced but in light of the size of the operations as compared with pre-war here will be plenty of room for initiative and imagination in determining the

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