

Interim Supply

not going to discuss every item with respect to the numerous entries in the blue book but there never has been a denial of hon. members' rights at this stage to speak if they felt the requirement, on a particular item which in their opinion they felt was of sufficient urgency that discussion should not be delayed. I say that an item in the new estimates of expenditure that involves almost 25 per cent of the increase in expenditures amounting to some \$400 million odd to which I referred is worthy of a little consideration at this stage. I am not trying to be unpatriotic in making some reference to this very important question. I intend to be brief with respect to it but I must point out to the committee that the bond market of this country is indeed in a real crisis with respect to confidence respecting federal government securities.

The interest rates that are being paid for federal bonds are at a differential in relation to those paid by high grade private corporate bond issues that was never so narrow as at the present time indicating that the traditional premium of confidence in federal government bonds does not prevail at the present time.

Mr. Fleming (Eglinton): Mr. Chairman, may I ask the hon. gentleman a question. Does he think it is a very responsible course to pursue the line he is following now knowing that the effect of it can only be to hurt the credit of this country when we have to go to the bond markets?

Mr. Benidickson: Mr. Chairman, on that point of order—

Mr. Fleming (Eglinton): That was not a point of order; it was a question.

Mr. Benidickson: I should like to answer the question. I expected my hon. friend to again raise some bogeyman of this kind in the hope that we would not have a debate here on dirty dishes he would like to keep from view. However, I am not introducing this thought. I was just about to tell my hon. friend that the financial editors of two of the best-informed newspapers in this country on monetary matters, the *Globe and Mail* of Toronto and the *Gazette* of Montreal, have had a great deal to say on this subject and that is public knowledge. I do not need to express an opinion if my hon. friend does not wish me to at this time. I shall simply say that about ten days ago Mr. Fraser Robertson the financial editor for the Toronto *Globe and Mail*, a newspaper that is very friendly to my hon. friend, was visiting western Canada and went as far as the west coast. In his column of March 2, he had this to say:

[Mr. Benidickson.]

As one investment dealer put it to me, the quickest way to lose the confidence of a client is to suggest he buy Dominion of Canada bonds.

Mr. Fleming (Eglinton): Mr. Chairman, would my hon. friend agree with that statement and take the responsibility for saying those words in this committee? Is my hon. friend prepared to make that his statement?

Mr. Benidickson: Mr. Chairman, I feel that for many weeks this country has awaited some decisive statement from my hon. friend or from the Prime Minister with respect to their policies on fiscal and monetary matters and even the budget is being postponed—

Mr. Fleming (Eglinton): It is not being postponed. You have been told when it is coming down.

Mr. Benidickson: It is the uncertainty with respect to policies and the attempt on the part of the government to ride two horses that is resulting in this lack of confidence in government bonds at this time.

Mr. Argue: They cannot stay on either one.

Mr. Benidickson: The Minister of Finance made an important speech that received a great deal of publicity on January 5 in Toronto. His talk seemed to emphasize the problem of inflation but in the speech from the throne that did not seem to be the matter that was concerning the Prime Minister. He referred to continued spending and deficits if necessary. I say that what is holding back confidence in government bonds is a lack of some decisive statement or action by this government. It is most unfortunate in my opinion that the budget was not introduced prior to the Easter recess.

Again to indicate this is something that is not being stated from a political basis—

Mr. Fleming (Eglinton): Oh, no!

Mr. Benidickson:—I offer to my hon. friend a statement by Mr. John Meyer, financial editor of the *Montreal Gazette*, a newspaper that is also friendly to the minister. The following statement appeared in an article published on December 9—

Mr. Fleming (Eglinton): December 9?

Mr. Benidickson:—in which Mr. Meyer said:

The investor no longer believes the government can, or will, restrain inflation.

Only a budget and the stated intentions of the government for next year would indicate whether or not the government is concerned in a serious way about restraining inflation. The article goes on to state:

This fear has become increasingly apparent over the last few months. It was offset, at first, by compensating increases in return and other attractions inherent in a government bond.

There is another feature to which I hope the minister will give consideration. This has