

that the federal government is ready to give the people with their cooperation. Not even the rich provinces, or the wheel horses as they liked to call themselves at the last conference, have been able to do that, and it will be a long time before they are in a position to do so.

Ever since the proposals of the federal government were made known, one member after another in the opposition has been demanding this or that benefit, as if they were the originators of the idea. And better than that, we have seen members of the official opposition demanding development programmes copied word for word from the proposals, and yet never missing an opportunity to undermine the chances of a dominion-provincial agreement.

If they have no confidence in the government, why do they want to place the whole responsibility of old age pensions on the federal government? And why do they ask for such-and-such development programmes? I submit that everyone should start at the beginning, and lend a hand to lay a firm dominion-provincial foundation. I am sure that every individual member, particularly members of the opposition could be of great assistance in bringing about a successful conclusion to the signing of those agreements. As I look across the floor, I cannot help but think of the leader of the opposition (Mr. Bracken). When this question came to the fore I was a student and the leader of the opposition was my premier. He was a champion of that question in those days. I hope that he will gather up enough of that old western spirit to get in there and pitch, and help solve that problem once and for all.

Mr. ALAN COCKERAM (York South): In presenting the budget, as reported at page 2546 of *Hansard*, the minister has this to say:

I need hardly say that hon. members will find that report worthy of careful study.

The minister was referring to the foreign exchange control board report for 1946, and it is my opinion that both the minister and Mr. Graham Towers, governor of the Bank of Canada, went out of their way to over-emphasize the temporary favourable exchange situation. The report of the foreign exchange control board for 1946 shows that there was an unfavourable balance of \$603 million with the United States; that Canadian expenditures in the United States amounted to \$2,178 million and that United States expenditures in Canada amounted to \$1,575 million. To meet this deficit, reserves of gold and United States

dollars were reduced by \$263 million, and the remainder of the deficit, namely \$237 million in gold and convertible exchange, was received from countries other than the United States; and \$103 million represented an inflow of capital, and exchange adjustments.

In connection with that \$103 million, I should like to read from an article which appeared in last night's *Evening Telegram* regarding the exchange situation between Canada and the United States:

The reason for this selling of Canadian stocks is said to be that there is something of a "scare" as to the position of the Canadian free dollar. While the yield on Canadian stocks is satisfactory, American investors, it is said, are unwilling to gamble on the future of the Canadian free dollar.

In the case of Montreal Power, which had a good number of American shareholders, local financial houses felt that there was a good basis for switching into other Canadian stocks. But the uncertainty as to the free dollar, and the various rules and difficulties surrounding international dealings, set up a hedge that American interests are unwilling to jump.

American holders, it is stated, accepted the \$25 offered by Quebec Hydro for Montreal Power shares, and took their money back into the States, taking a loss of around eight per cent on the "free dollar" market.

The analysis which is in the report is, in my opinion, entirely misleading because it represents the end of the year periods in 1945 and 1946 and does not truly represent the situation which was brought about by the parity announcement which the then Minister of Finance (Mr. Ilsley) made on July 5 last. In my opinion, the minister should have given two statements, one dealing with the exchange situation from January 1, 1946, to July 4, 1946, and one dealing with the situation from July 5 until the end of the year. Then I think a further statement should have been presented to the house bringing the situation up to date to March 31, 1947.

The governor of the Bank of Canada, Mr. Graham Towers, has stated on a number of occasions since the first of the year that our deficit with the United States on account of commodity trade has rapidly increased during recent months. The minister suggested that members of this house should study this foreign exchange control board report, and I have tried to do so. It is my opinion that whoever was responsible for the preparation of the report did a first-class job of publishing a statement designed to conceal the facts. A calculation based on figures which were published in July, 1946, the date on which the devaluation of the Canadian dollar took place, showed the Canadian reserve of gold and United States dollars to be in the neighbourhood of \$1,636 million, United States. It