Mr. WANSBROUGH: Might I call for further reserves, Mr. Chairman, in the person of Mr. Birks, who is prepared to deal with the gold question.

Mr. R. T. BIRKS: Mr. Chairman, I am glad to have the opportunity of saying what I know on the gold question. During the war, you will recall that a certain British economist stated that there were only two people who understood international finance. He was one, and he was not sure who the other one was.

On this question of gold, I can look back to the time when the Right Honourable Mr. Bennett told us gold miners that we had saved the national credit of Canada, because gold was one commodity that could be sold in the United States in almost endless quantities; they would take it at $35 per ounce without any restrictions, quotas or tariffs. Speaking as a gold miner, and seeing the way trade doors are being closed against us, I have a feeling that maybe gold miners will again help to save the credit of Canada in the not-too-distant future.

One complaint we have is that we do not want to sell gold at $35 an ounce when it may have a real or contingent value of $52 or $55 an ounce, which is the price which gold is commanding in a lot of the markets of the world today.

In this hemisphere we are not used to gold, in the sense that restrictions have been placed upon the holding of gold; but when we get to Europe we find that the French peasants, for example, are terrific hoarders of gold. It is estimated that they hoarded about half a billion dollars worth of gold last year, and the further east one goes the keener is the demand for gold.

It is not generally known—although you gentlemen here are well aware of the fact—that the Standard Oil Company of New Jersey has to pay Iraq and Arabia in gold sovereigns. They will not accept any other currency; and it is reported that one of the sources of dispute between Iran and Great Britain is that Iran wants gold sovereigns, which some of her neighbors are getting, and which Britain at the moment is not prepared to pay. So that we feel that gold has a great value and is a commodity which under normal conditions can be exchanged freely between countries. Any country will accept it without any tariff, without any regulation. You get an immediate credit, and you can buy whatever you like in that particular country.

The CHAIRMAN: Yon can buy any currency in the world with gold.

Mr. BIRKS: You can buy any currency in the world with gold. Yes.

The CHAIRMAN: It is a sure thing. You have a sure bet.

Mr. BIRKS: I have one suggestion to make to the committee. At the present time a certain number of gold miners are allowed to export gold. We have to go through what we may term a lot of skullduggery.

We take refined gold: it has to be debased to 22 carats, under the nominal plea that it is going to be used for industrial purposes. It is shipped to Switzerland, then refined back to its original fineness of 99·8 per cent; then it is smuggled into France, and sold mostly in France. However, recently there has developed a tremendous practice of retaining it in Switzerland and turning it into British sovereigns and French napoleons and Mexican $10 pieces. But the smugglers—shall we call them—who are doing that are then receiving about $50 to $60 an ounce for their gold, because the minted coins have that much more value. It is also significant—if you read the *Wall Street Journal*—that the government endeavoured to prosecute these gentlemen for counterfeiting, and the Swiss courts and the Italian courts said "They are not counterfeiting. Gold is not currency. As long as they are delivering sovereigns of the proper weight and fineness it is not counterfeiting in any way". As a matter of fact, if you tendered a sovereign in