

cation of this agreement; and if agreement with respect thereto is not reached within thirty days following receipt of such proposal, the government making such proposal shall be free to terminate this agreement in its entirety on thirty days' written notice.

I am convinced, Mr. Speaker, that we had to have the foreign control exchange board in order to curb the panic that might have occurred, involving a collapse of markets. But had free market prevailed Canada, in my opinion, would have been in this fortunate position. We are primary producers of goods which are shipped to the United States to the extent of seventy per cent of our exports. The farmer or live stock man takes a car of cattle to Buffalo from western Ontario. True, he gets a \$1.10 in Canadian currency for the United States dollar that he receives, but after his day's work in the stockyards he walks down the streets of Buffalo with Canadian money in his pocket and goes into his hotel or into a restaurant and buys a one dollar dinner for which he must pay \$1.22 or \$1.25 in Canadian currency. The proceeds from the sale of his cattle he must deposit in his bank when he gets home. They in turn under our law send it to the foreign control exchange board and he gets \$1.10 for every United States dollar he has. With seventy per cent of our primary exports going to the United States, consider the happy position our primary producers would be in if they were able to get one hundred and twenty Canadian dollars for every \$100 worth of sales they make instead of one hundred and ten dollars as at present.

Mr. RALSTON: I think the gentleman would have used United States money to pay for his dinner, not Canadian money.

Mr. HARRIS (Danforth): Well, I do not think the man I referred to would go to the trouble of buying United States exchange before he went across the border when he was only going for the day.

Mr. RALSTON: He got it for his cattle.

Mr. HARRIS (Danforth): True, but under the regulations of the foreign exchange control board exports must be paid for in United States funds, which in turn must be surrendered to the board. Any shipper knows that. If you retain any part of your remittance, you are breaking the regulations. That is one of the difficulties experienced by the foreign exchange control board in their attempts to curtail the bootlegging that is going on—and I regard what the Minister of Finance suggests as a bootlegging transaction in foreign exchange. I hope he is not going to encourage us to do that sort of thing, but it is common knowledge that it is going on to-day to the extent of at least \$50,000 daily. The greatest problem

[Mr. J. H. Harris.]

of the board is to stop that bootleg traffic, and the greater the spread the greater the traffic will be.

Free traders! There used to be some in the Canadian House of Commons when I came here some eighteen years ago. Perhaps I should have sent to the museum and brought one back so that I could address a few remarks to him in regard to the next item running through my mind, namely the war exchange tax. I am in favour of the war exchange tax. Not only will it provide revenue, but it will slow down the imports of luxuries and other unnecessary articles. It will tend to keep in Canada more Canadian dollars. It will tend to make more employment in Canada. The same objective could have been reached on a free market, except of course that the government would not collect the duty wherewith to run the affairs of the country. I purpose later in my remarks to say something more in that regard. Before I leave the matter of imports let me say that with free exchange this tax would have been of great benefit to Canada in making more employment for our people. It would be less tempting to Canadians to buy goods in the United States if they had to put up 120 Canadian dollars for the goods rather than \$110 as at present.

I come now to another feature of the budget which I am anxious to commend not only in this house but to all the Canadian people; I refer to the issue of war savings certificates. The sale of these should be encouraged in every possible way. I think the minister is a little optimistic in expecting \$50,000,000 from this source in the current year. More energy and enthusiasm will have to be displayed by the volunteer effort which is being put forth in this connection. I hope the press will pay tribute to the voluntary efforts of citizens who are promoting the sale of these certificates. If we apply ourselves with diligence we can raise the \$50,000,000 from this source. And we should do it.

I should like to make one or two observations regarding the money receipts from the sale of the certificates. The money finds its way now into the consolidated revenue fund, and thus people are likely to think that it is revenue. But it is a liability, and some day Canada will have to honour its obligation in that regard. What sinking fund arrangements are being made? At the present time the consolidated revenue fund is cluttered up with items such as post office savings, departmental funds, civil service insurance funds, annuity funds, superannuation funds, returned soldiers' insurance funds, moneys received from the sale of school and Indian lands, and so on. Now here is another large item to swell the consolidated revenue fund. I often