

selling to Europe more than we bought there, and using the credits established in that way for paying the United States deficit, the unfavourable balance. This system of multi-lateral trade was a satisfactory arrangement so long as it worked, but since the war, unfortunately, it has not worked, and for two good reasons. First, Great Britain and the continental European countries have not had favourable balances to the extent that they had them in the ante-bellum years with which to purchase the products of Canadian farms and factories. In the second place, to the extent of an outright gift of one billion dollars to Great Britain, and mutual aid credits of \$3,175 million extended to the entire sterling area, we have made it unnecessary for these countries to pay us at all for the produce which we have sent to them across the seas. Under other circumstances we would have been paid in currency; but we have been redeeming these credits by the shipment abroad of the products of Canada's farms and factories.

I am not now discussing the wisdom or even the necessity of these extensions of credit and these gifts. That is another matter. I am simply asking if there is anything extraordinary in a decrease of \$1 billion in our national bank account, coincident with gifts and credits of \$4 billion? What an extraordinary thing it would be if, having given away \$4 billion, we were able to maintain the same bank account we had before we did so. No one in his private affairs would expect such an accomplishment in any one year.

There are other important ways whereby we ourselves have contributed to our adverse trade position. I have already mentioned the sale of grain to the United States, during the years 1943, 1944 and 1945, to a total of \$550 million. Since then Canada has made of the wheat business a national monopoly, and we have sold the Canadian exportable crop to Great Britain at considerably less than world prices. What the loss in millions may total I do not know. Once again, I am not discussing the merit of the transaction; I am simply calling attention to the financial facts. I do not know, and I am not going to attempt to estimate, the intangible gains which have accrued to us as the result of those transactions. I would say, however, that the intangible gains are there, and that they are obvious and very considerable. I merely point out that as yet there is no balancing item in our financial accounts to offset the difference between what we have received and what we might have had. In passing, I should like to make the observation that it is seldom that anyone can buy at market and sell

at less than market without depleting his reserves. You would search a long time for an illustration of anyone ever having done so.

Once again, in order to protect the Canadian consumer, we have prohibited the sale of Canadian cattle and beef in the United States market. The purpose of the prohibition is admirable, just as there are admirable phases in the other subjects to which I have referred. But why marvel at a shortage of United States currency when you ban the sale of Canadian goods to United States consumers who would have paid for them in United States dollars?

We have also made gold a government monopoly, and have fixed its price to the producer. I need hardly make the comment that gold mining is one of Canada's important industries, and that in the past the sale of gold has been a major factor in maintaining our favourable balances of trade. But of recent years, due to the narrowing margin between the cost of production and the fixed price, gold production has declined seriously. Mining men have told me that all they require is an open market in which they can sell the product of Canadian mines to the highest bidder. If the government would simply get out of the way, so I have been told, gold mining would again flourish as it did in the past, to the maintenance of Canada's world position.

I have mentioned a number of factors which, I submit, have contributed to our adverse trade position, all of them being the direct result of governmental interference in what previously had been considered in this chamber and everywhere else as private, competitive business.

I have yet to mention perhaps the greatest factor of all—our government monopoly of United States exchange. Up to the end of 1945 Canada was engaged in the then all-important business of war, which was justification for almost anything. It is the continuance of the Foreign Exchange Control Board's interference in times of peace which I now propose to discuss. Honourable senators will recollect that, so far as my voice would carry in this chamber, I opposed the passing of the Foreign Exchange Control Act in the summer of 1946. I opposed it as a matter of principle, outright and in toto, in all its phases, including its autocratic authority to (1) monopolize United States funds, (2) dole out United States purchasing power to Canadian businessmen in accordance with its own sweet will and favour, or that of the bankers, who are its agents, and (3) declare the rate of exchange.