

that large sums should be used to purchase foreign exchange to support a rate which is not justified. I agree with my hon. friend on that point. But under a system of exchange control that must be left to the exercise of the judgment of the board.

Mr. JACKMAN: To speculate.

Mr. ABBOTT: It is not speculation, but an exercise of judgment on the part of the authorities.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister in his reading and studying of the Bretton Woods agreement consider this point, that nothing will contribute more to the success of that agreement than that the level of our currency should have a realistic relationship to the actual business conditions from day to day?

Section agreed to.

On section 8—Earnings paid into C.R.F.

Mr. JACKMAN: This clause has to do with the earnings of the board, which now are to be paid into the consolidated revenue fund, I am thankful to say, and are not to be allowed to revolve within the ambit of the board itself. But this is supposed to be a control measure, and not a tax-raising device. Under the War Measures Act, which has allowed the existence of this creature for the last five years, it has not been a control board alone but a tax-raising expedient. Let us look at the burden which this board has been to the Canadian public since its inception. From September 15, 1939, to December 31, 1940, it took out of the Canadian public \$16,000,000.

Mr. ABBOTT: That was put on the record a moment ago, I think by the hon. member for St. John-Albert.

Mr. JACKMAN: It will not hurt to reiterate it.

Mr. ABBOTT: Perhaps they were different figures.

Mr. JACKMAN: I say that in that period \$16,000,000 was taken out of the Canadian public, as a cost to business which is passed on in higher costs to the Canadian public. The profit on that was transferred to the reserve fund, which now is seriously dented by the mistakes leading to July 5 last. The board accumulated a surplus that year, 1940, of \$8,900,000; and in the following years surpluses of \$9,200,000 in 1941; \$11,225,000 in 1942; \$9,400,000 in 1943; \$6,600,000 in 1944 and \$3,841,000 in 1945. Yet this is supposed to be a control board and they are making all this money. No doubt they would point to it as a profit. But it is nothing more or less than

an additional burden on Canadian business which must be passed on to the Canadian citizen. Not only is that bad enough in itself, but it arises from the fact that formerly one per cent was charged on the buying and selling rate. When a merchant wanted to deal in United States exchange or sterling the rate was one-half of one per cent. The rate should have been reduced to that figure years ago; but the bureaucrats seek to justify their salaries which are not published to the members of this house or known to the people of Canada. You can believe me that they are very adequate salaries; the jobs have no insecurity about them, and when these officials retire they are given a pension which is very adequate. The men, who are no doubt able in their particular fields, the bank and the exchange board, are very well paid, and apparently so well paid that it is none of our business or that of the people whom we represent and who put up the money for them. Of course, if they can show a paper profit, if they want to call it that, it looks well; it is a good thing; they may say they are making money for us, but let us go back one step and realize that this money—every cent of it—is coming out of the Canadian taxpayer.

Mr. ABBOTT: Supposing these same transactions had been carried out by the commercial banks; does my hon. friend think the profit would have been less?

Mr. JACKMAN: As has been pointed out to-day, I think, on the floor, and certainly was brought out by the committee, the star witness for the government said that on small transactions—by which, I suppose, is meant five to fifty dollars—the rate prevailing before the war under ordinary private banking practice was probably no smaller; but on the transactions which have to do with business, transactions the costs of which are passed on to the Canadian people, the rate was very much less. Instead of being half of one per cent, which again is fifty per cent of what the board charged a year ago, it used to be one-sixteenth or one-eighth, or at the most three-eighths.

Mr. ABBOTT: Yes, but I think the banks took positions on the exchange.

Mr. JACKMAN: Never mind. I am speaking of the cost to the Canadian public. You could either buy or sell within a one-sixteenth or a one-eighth spread. Now it is half of one per cent, and the result is shown not only in the costs of running this board but the costs of paying the banks, and the very large profit—that is, the so-called profit—