moment ago, it was introduced during a period of relatively low unemployment. I think I can certainly say with safety that it will not be reconsidered until after our discussions with the provinces this fall.

Item agreed to.

Administration of various acts and costs of special functions—

90. Administration of the Farm Improvement Loans Act, 1944, and the Veterans Business and Professional Loans Act, 1946, $55,520.

Mr. Macdonnell (Greenwood): I should like to make one comment. I observe with interest that the Farm Improvement Loans Act has, I should think, proved to be of great assistance because I note that in 1949 loans for the purchase of agricultural implements amounted to some $41 million, considerably more than in 1948. It seems to me it is serving a useful purpose.

Mr. Herridge: I want to ask a question concerning the Veterans Business and Professional Loans Act. Are the loans expanding? Are the veterans taking greater advantage of this opportunity from year to year? Then, what percentage of loss has been incurred, if any?

Mr. Abbott: At December 31, 1949, there were 4,633 loans outstanding for a total of $8,390,236, and the losses totalled $72,855.78, plus costs of $802.93.

Item agreed to.

Administration of various acts and costs of special functions—

91. Foreign Exchange Control Act, 1946—administrative costs (other than those provided by the Bank of Canada), $205,500.

Mr. Adamson: I have something to say on this item which will take a few minutes. No doubt the minister will say he has heard some of it before. Sometimes in this house I find one has to adopt the principle of water dropping on a stone and wearing it away in order to get any hearing at all. The matter I want to discuss is the foreign exchange control board, of course, and the whole business of controlled currency and exchange. The situation today is rather like that of a doctor called in to see a patient who is flushed and has a very high colour. The doctor says to the patient and his family, "Why, look at that fine, glowing complexion. He is in fine shape. Keep him on his diet of beefsteak and champagne". That is the diagnosis, though the patient may be suffering from a thrombosis or high blood pressure.

Today the dominion bureau of statistics published figures on our trade which were treated by the press as being extraordinarily favourable. I want to examine those figures in perhaps a more critical light. First I want to look at the principal trend in our trade, which of course is brought about by the deliberate policy of the government to have a controlled dollar based upon United States currency. It is true that we have increased our exports to the United States for the month of May by $54 million over last year, and that is very good. But let us look at what has helped bring that about. In the first place there has been a tremendous increase in the population of the United States in the last year or so, which has had something to do with this increased trade. Another and very important point is that during the past year the United States has been in a deficit position with respect to certain base metals and wood products, which form our two major items of export to that country. Then the policy of the United States government of putting floor supports under many items of food and thus keeping up the price of food in the United States, particularly beef and other meats, which has brought about great increases in our exports of cattle and other animals to that country, not only by volume but also in price. That, I maintain, has been a direct result of the farm support policy followed across the line.

There are, however, certain warnings of which we should take note. One is the fact that very shortly this whole matter of tariffs is going to be raised again, particularly the tariff on copper; and in this item alone there might be a very serious decline in our trade with the United States. While I am on the subject I think I should say that with the growing depletion in the United States in the metals it must have for its economy, it is natural to expect that our trade north and south will increase. That is due to geological factors which are beyond the control of either government.

Looking at the picture today, I find these figures. According to the bureau of statistics our exports to the whole world in the month of May amounted to $289·6 million, as compared with imports for May of $290·1 million. In other words our deficit amounted to $500,000. Our exports to the whole world in May 1949 amounted to $275·7 million, while our imports from the world amounted to $250·5 million, showing a surplus on trading account of $25·2 million. In other words our basic position for those same months of the two years shows an impairment of $24·7 million. Our adverse balance with the United States in May of 1950 was $19·2 million, while the adverse net trading position with the United States in May of 1949 was $49 million, showing an improvement of $29·8 million in comparing the two months. As I have said, that is to be expected largely because of the shift in trade caused by