

SENATOR CRERAR: Is that likely to continue in its effect, to be repeated?

Mr. COYNE: I am afraid it is. Not necessarily this year, but on future occasions.

The CHAIRMAN: Mr. Coyne, how do you feel about cities, municipalities and provinces having to go to the American market to borrow their money, and what do you think the result may be in the final analysis?

Mr. COYNE: That is something they have to decide, whether they are going to save money in the end or pay excessive costs in the end, depending on the future of exchange rates. I can't make any forecast on that.

Senator BURCHILL: In the meantime it is pretty hard on the exporter.

Mr. COYNE: It may be.

The CHAIRMAN: Does not this exchange rate affect the budget and profits of Canada?

Mr. COYNE: I am not sure. I dare say that individual exporters find the exchange rate cuts down their income, and it also cuts down their costs. It does work both ways. I don't think that any particular level of exchange rate is necessarily significant. Just because we call our monetary unit the dollar, does not mean that it has to always be equal to one American dollar. We might call it the pound sterling. The British pound sterling is now worth \$2.80 in American dollars, but that by itself does not handicap the British exporter. It is more a question of the relationship between the selling price and cost, and the changes that may be induced in those factors by movements in exchange rates.

Senator BURCHILL: As an exporter to Great Britain I am piqued because I can't do business directly. I can't get my funds direct in sterling; I have to go through New York. Why is that? Why can we not do business with the Canadian dollar in relation to the pound sterling?

Mr. COYNE: You can.

Senator BURCHILL: Yes. But, as you say, the pound sterling has been depreciated.

Mr. COYNE: Yes.

Senator BURCHILL: When I sell my goods in the United Kingdom market, I naturally think I am going to get a little better price because the pound sterling is down. But the difference between the Canadian dollar and the American dollar wipes that out, and results in a loss.

Mr. COYNE: Yes.

Senator BURCHILL: In pre-war days we were not concerned with New York at all—at least, I don't think we were.

Mr. COYNE: I think sterling in the hands of Canadian exporters has very often been converted through New York, even in the pre-war days. It went either through London or New York. Of course, there was not a large exchange market in Canada before the war, as there is today. Apparently the exporters find on the whole it is more advantageous by a fraction of a cent to convert from sterling in New York, than to convert into Canadian dollars direct. But, it can be done.

The CHAIRMAN: Honourable senators, if there are no further questions, I would like to take this opportunity to express the thanks of the committee and of myself to Mr. Coyne for his presentation and discussion here today.

Mr. COYNE: Thank you.

—Whereupon the committee adjourned.