

the combined wisdom of many minds may be brought to bear upon the problem and its solution.

That the government's action will be approved and its legislative program confirmed is clear, for under the circumstances as they present themselves to us no other course is possible, nor indeed has any other solution been even suggested by the opposition or others.

Most important, therefore, is the call for thought on our part and the expression of views which are designed to influence future Canadian policy. It is the hope of contributing something towards the long-range solution that has given me courage to add my voice to the voices of others in this discussion.

The crisis which confronts us is the depletion of Canada's United States dollar reserves.

In the early years of the war, as a wartime measure, the government constituted the Foreign Exchange Control Board and required all residents of Canada to surrender to it all foreign currency, and all rights to foreign currency, of which they became possessed, and to accept in payment Canadian dollars at rates of exchange determined by the board. As a result of this governmental monopoly of foreign exchange, the board had in its hands at the close of the war a very large sum. On the first of January 1946, the board had on deposit the sum of one billion, 508 million United States dollars, consisting of gold and United States balances. That very large sum has, in the two years that have followed, almost completely disappeared. According to the Minister of Finance there remained at the middle of last month only approximately \$500 million, a dissipation of a cold billion dollars.

Hon. Mr. DUFF: Canada got value for it, did she not?

Hon. Mr. ROEBUCK: I have chosen to use the word "dissipation" instead of "loss".

Hon. Mr. DUFF: That is an even worse term.

Hon. Mr. ROEBUCK: I do not think we got value for it. But that point is not necessary to my thesis. Certainly the government did not get value for that amount.

Hon. Mr. DUFF: But the people did.

Hon. Mr. ROEBUCK: I doubt that too.

Hon. Mr. HAYDEN: They did not give it away.

Hon. Mr. ROEBUCK: We did give it away. If my honourable friends will kindly listen to me for a while, I will go into that phase of the subject.

It has been to meet this situation and to check these losses that the government has taken the action which we are called together to approve or to disapprove, and which I propose to discuss this afternoon.

May I pause to say that the most effective way in which we in this chamber can render service to our fellow-citizens is by the application of our minds to national problems. It does not matter so much how we vote in affairs of the kind, although that is of great importance; our greatest function is to think and to make what contribution we can to the wisdom and clarity of thought of the people of Canada.

Since the heavy losses to which I have referred are the result of an adverse balance of trade, it is worth while to pause and observe how the original credit was built up, because that throws some light, I hope, upon how the credit balance was pulled down.

In the first place, after the United States came into the war the Prime Minister of Canada and the President of the United States entered into the Hyde Park Agreements, under which Canada sold to the United States war goods produced in this country. Secondly, the United States, by the use of United States funds, built in Canada the Alaska highway, a string of airfields and the Canol Oil project. Thirdly, for goods supplied to Great Britain, we received in payment United States dollars to an amount of \$485 million, and we sold in the United States some Canadian securities, incidental to capital investments made in this country. And finally, an important item was the sale in the United States of Canadian grain to the extent in 1943 of \$150 million; in 1944 of \$300 million, and in 1945 of \$100 million, a total of \$550 million.

Now, you will observe that our credit balance was the result of business transactions and not of currency or any other kind of controls. It was enterprise turned into money, and my suggestion, in a broad general way, is that the best method of meeting an adverse balance of trade is to clear the way for business transactions. That principle, it is true, is very general, but it is a principle which one should hold in mind.

It is no new thing for us to buy from the United States more than we sell in the United States. That process has been going on for at least a generation. But in the past we have balanced our international accounts by