

pounds instead of Canadian dollars—for that alone, and, as you suggest, make investments in Great Britain with the money they receive, would not that be something you had in mind?

Mr. NELLES: Yes. With the operation of this plan, you would be able to transfer currency.

Hon. Mr. BURCHILL: And that would relieve the pressure of Canadian dollars in Great Britain.

Hon. Mr. CAMPBELL: That does not accomplish a single thing. If you sell to Great Britain, and take sterling, and then turn around and spend that sterling in Great Britain, and buy goods or services, you are back to your starting point again.

The CHAIRMAN: Senator Campbell, we do not have to necessarily spend it in Great Britain. It might be spent in South Africa, or Australia. I was discussing this with a gentleman in Jamaica a few weeks ago. They were starting the erection of a large hotel. They need hotels and playgrounds in Jamaica, and require a couple of million dollars, and there will be many Canadian and American subscribers to that fund. I spoke about that, and was told that any capital invested in Jamaica could be withdrawn at any time, that dividends and interest could be withdrawn, and it was absolutely free. In how many parts of the British Empire is there no exchange? You know the English pounds are not exchanged, nor the Australian pounds, and you know what the Russians did; they went out and bought the whole crop with British pounds.

Hon. Mr. CAMPBELL: I would like to hear the witness on that. The point is, what advantage do you get by the Government taking foreign currency, if you are going to spend it again, and I do not care where you spend it? The only advantage you have is by way of insurance, by which when the shipment of goods is finally made to a country which is unable to pay, then there is a domestic situation created in that country, and their currency is accepted, frozen and held by the country. Can you explain where there is any advantage in accepting Sterling and pounds, and then the next day spending it in Australia, or any place else?

Hon. Mr. CRERAR: Before the witness answers that, there seems to be a very important point raised by Senator Campbell. Let us take as an example one million bushels of wheat. Quite obviously our private traders in the ordinary procedure in regard to grain would not accept, as a condition of the contract, that they take payment in sterling for the one million bushels of wheat, for the reason that they paid in dollars for the wheat when they bought it originally. If the Canadian Government says, "We will sell one million bushels of wheat, and take sterling", then the Canadian Government must find the dollars to pay the farmers who produced the wheat, because they cannot say to a producer, "Here is so much sterling", because sterling is of no use to the producers.

Does it not boil down to this; if we take sterling for a million bushels of wheat, the Canadian Government has to provide the dollars, in the first instance, to get the wheat, and they accumulate the sterling, and what will they do with the sterling in the future? They may say, "All right, we will invest the equivalent of one million bushels of wheat in Britain, in some industry", but that boils down to this; that the Canadian Government is going to make a loan to Britain for that amount. That is the way I see it, and that is the point I think Senator Campbell had in mind, and I think it would be interesting if this group could have some elucidation of it if we can get it.

Hon. Mr. CAMPBELL: That would be interesting.

Mr. CRUIKSHANK: We have an economist here, Dr. Marsh, who might have a word to say.