

Hon. Mr. McGEER: I would agree with the honourable gentleman from De Lorimier (Hon. Mr. Vien) if we were following ordinary procedure, but surely when we are asked to give a bill second reading on the understanding that it will be amended, the question of what those amendments are to be is important.

Hon. Mr. VIEN: The understanding also is that in voting for second reading we are not committing ourselves on the principle of the bill.

Hon. Mr. HOWARD: Question.

Hon. Mr. McGEER: The bill contains one other provision that I think is erroneous, and that is the one giving the board power over the provinces. Does anyone suggest that in order to get our provincial prime ministers and provincial governments to co-operate in the best interest of the nation it is necessary to put them under the control of this board? Suppose the Prime Minister of Quebec, or of British Columbia or any other province, could go to the United States and borrow money on better terms than in Canada, is there any objection to his doing that? There never has been in the past.

Hon. Mr. HAYDEN: Maybe the board would give him a permit.

Hon. Mr. McGEER: It might or it might not. But why should the sovereign authorities of the provinces have to ask a board of the national government for a permit?

Hon. Mr. HAYDEN: Why not?

Hon. Mr. McGEER: Within their respective jurisdictions the provinces have constitutional sovereignty equal to that of the federal government.

Hon. Mr. HAYDEN: Currency is a federal matter, is it not?

Hon. Mr. McGEER: Section 92 of the British North America Act gives to each of the provinces exclusive jurisdiction to borrow money on the sole credit of the province.

Hon. Mr. HAYDEN: That is for its own needs. But currency is a federal matter, is it not?

Hon. Mr. McGEER: But borrowing at home is under the control of the board.

Hon. Mr. HAYDEN: Does my honourable friend say that borrowing at home is under the control of this board?

Hon. Mr. McGEER: The board could declare a province to be a non-resident.

Hon. Mr. HAYDEN: I am aware of my honourable friend's power to dramatize, but that is going pretty far.

Hon. Mr. HOWARD.

Hon. Mr. McGEER: I was, of course, dealing with the matter of borrowing abroad.

Hon. Mr. HAYDEN: There is nothing in the British North America Act saying that the provinces have exclusive authority to borrow abroad, is there?

Hon. Mr. McGEER: No; but each of them has an exclusive jurisdiction to borrow on the credit of the province. That is an unqualified jurisdiction, which means that each province has exclusive jurisdiction to borrow money on the credit of the province in any money market of the world.

Hon. Mr. HAYDEN: No.

Hon. Mr. McGEER: There may be a difference of legal opinion on that, but I do not think there is any question as to what the interpretation would be if the question were submitted to our own Supreme Court.

There is one statement that I cannot accept. We were told that without this control the Government of Canada would probably have difficulty in sustaining the financial and economic security of the nation over the next two years. Now, in committee I questioned Mr. Towers on a chart in the board's report, and was able to demonstrate that although in the twenty-six years from 1920 to 1946 we had gone through the worst boom and the worst depression, and the worst war the world had ever known, we wound up with five times as much gold and United States cash reserves as we had ever had in our history; and that after every serious boom and depression Canada had more gold and United States dollars than she had at the beginning of the depression; and that there had never been a time when we had to withstand a flight of United States dollars or investments from Canada. What is going to happen to us in the next two or three years to cause that? It has never happened before. Why should it happen now? I asked the Governor of the Bank of Canada to give me the reason, and he could give none. Now, this was the best bit of evidence I have ever seen come out in an inquiry or a trial. He said to me: I am not able to sustain the demand for this position that we need this thing now because of there being any danger in sight of an actual flight of United States dollars or gold or investments. He could not stand on that ground in face of the record, so he switched. To what? To the trade statistics of the Bank of Canada or the trade statistics of the Foreign Exchange Control Board? No, not at all. He went to the Department of Trade and Commerce.