

United Kingdom Financing, 1953

Rosetown-Biggarr. As I mentioned in my statement, they received practically a billion dollars in 1942 and they were funded in this way. We repatriated, if I may use that term, \$300 million of Canadian National securities and Dominion of Canada securities. They were purchased and turned over to us. So far as the remaining \$700 million was concerned, we left the British government completely free to deal with the securities as they saw fit. We did not take any specific pledge on that; we simply required them to carry out this undertaking, that when those securities matured or were sold the proceeds of sale would be turned over to us in reduction of the loan. But the Bank of England, acting as agent for the British treasury, retained complete control as to when and how those securities were disposed of. It is perhaps worth noting that that was in contradistinction to the policy which was followed with respect to a similar loan in the United States, where they were required to dispose of their securities at the then rather low prevailing values; whereas, in the case of Canada, we have given them complete freedom to sell them as and when they pleased. They have made the sales which have been made when the market values for those securities were perhaps two or three times what they would have been had they been required to do so in 1942; but we retained over it no measure of control whatever. We never attempted to say when, where or how these securities were sold. The Bank of England made a quarterly report to the Bank of Canada, acting as agent for the government, of the sales or maturities which had taken place, and made the appropriate remittance to cover it. Therefore I am not in a position to say who bought the securities and who sold. That remains entirely within the control of the British government.

On the second point, as to the use of the moneys which might be available through deferment of the capital payments or the interest payments, any suggestion of that kind could only be made by the British government, and quite frankly the Canadian government has never given any consideration to suggesting it to the British government; because our impression has been that the British government were not anxious to continue to purchase supplies on credit, goods for current consumption on credit, and we have never considered it would be appropriate, even if it had been desirable, to make such a suggestion to them.

Mr. Hansell: I should like to ask the minister one question. I have raised the matter on a number of occasions over the past years.

[**Mr. Abbott.**]

Has the agreement the effect of law at the present time? What I have in mind is this. We all pay due regard to the processes of our democratic way of life, and our democratic institutions, known as the parliament of Canada. On a number of occasions in years gone by—I suppose it is simply the practice of the government signing international agreements and then coming to parliament for a bill which in fact ratifies the agreement—this procedure has been followed. I have often wondered whether it is not putting the cart before the horse. In other words, to put it boldly, I have often wondered whether parliament has not become a bit of a rubber stamp. The agreement is already signed; it is laid on our doorstep and we are told: Here you are, boys; there it is. Of course under our system of parliamentary government where we have parties, the parties naturally rally around the agreement that their own government has signed. Let me put it this way. Suppose parliament should not see fit to pass this bill, where would that leave us?

Mr. Weir: There would be another election.

Mr. Hansell: I suppose the government would say that it was a vote of want of confidence and they would resign. That is not going to happen. Where would that leave the agreement? Would it still have the effect of law? Suppose another government took their place, what would happen then? Would the agreement still be in effect, or would that new government have to repudiate the agreement since no bill would have been passed? I am asking that because I know that in the past we have signed several agreements which we regret today having signed. There is no question about that. Financial agreements have been signed and the government regrets today having signed them. They were signed and of course the house passed them even though some members fought against them. The house adopted the agreements and complementary bills were passed. Can the minister answer my question? Does the agreement have the effect of law at the present time?

Mr. Abbott: I am very grateful to my hon. friend for having raised this question. I point out to him of course that it requires no agreement on the part of the government or ratification by parliament to accept payment of \$38 million on what was owed us. That we can always do at any time. The only part of the agreement which has been signed which may require ratification by parliament—I am told by the law officers of the crown it is not certain that it does require formal ratification, that it is perhaps within the competence of the executive—the only part of