

now, when they should in their own interests be closing up, so that they may preserve their treasury until such time as the economic planners of the world's currencies realize that you cannot restore world trade with fantastically overvalued currencies. This may take years, and the mines which are now unable to make a profit or which see the handwriting of eventual suspension of operations as inevitable should take action now to close, and preserve their assets while they have them.

This is not an advocacy of doom. It is merely looking at the facts of the case as they actually exist. Many mines are today merely trading dollars. They are taking the ore out of the ground for what it costs them and they are exchanging it for dollars. That is what is happening. I am not going to mention the camps, but in a great part of the province of Quebec mines are operating today with no profit or at a loss. The ore in these mines is being depleted and, once gone, it never comes back. The net result is that we have today a number of mines which are merely trading dollars. Once the costs rise higher, those mines will be operating at a loss, and once that happens—and I assure you, Mr. Speaker, that it is happening at a number of mines right at this very moment—there is eventually only one thing that can happen to these mines and that is they must close. I suggest that many of them should preserve their assets, not take out their rich and high-grade ore, not deplete their treasury, but preserve their assets now so that when we have a realistic foreign policy and a different policy with regard to exchange from the present one they will be able to reopen and provide Canada with the necessary gold and exchange which we shall need when the reconstruction period really begins.

I come now to the reasons for the parity action taken by the government last July. The excuse for this offered by the government, that rising prices in the United States would cause rising prices in Canada, is open to question. However, if we assume that this supposition is correct, is it likely that an adjustment of currency of ten per cent will offset the impact of United States inflation on the Canadian price structure, particularly as the result was to establish two types of Canadian dollar, the external or free dollar, and the internal or controlled dollar, the former selling at a discount of approximately ten per cent?

I think we must look deeper for the reason for parity. We must look to external pressure

[Mr. Adamson.]

put on this government to force them to take this move. What could that external pressure have been, and where could it have come from? I think it is reasonable to say that it could have come only from Washington, but what were the reasons that it did come? What lever could be employed by the United States government on the Canadian government to make them take this action? The lever could only have been an economic one, and it could not have been a tariff threat. Therefore we are left with the necessity of finding some other cause. We know that the Canadian exchange position was giving us an advantage over the United States in world trade, particularly in South American trade. We know that subsequently the United States trade with South America grew until it has become the largest segment of United States foreign trade. We know that it was important for the United States to foster this trade, and to do everything they could to increase it. Their most serious competitor in South America was Canada.

Last July, when the OPA ceilings were removed the present United States government was going through its most unpopular period in its own country; in fact, the Gallup polls showed that the present administration sank to an all-time low in popular appeal about that time. The country was beset by strikes of a desperate nature and foreign orders could not be filled. The situation was bad enough in Canada, but it was not quite as bad as it was in the United States. Therefore it would benefit the United States to have the ten per cent trading advantage enjoyed by Canada in the South American markets removed. What could be done to put pressure on Canada?

About the time the OPA was removed, the United States congress was in a recalcitrant mood. There was an important piece of legislation going through congress at that time, namely the British loan which is known as public law No. 509, chapter 577. We had already agreed to a loan to Britain, but the United States had not agreed to their loan of \$3½ billion. It was obviously important to Canada that the United States loan to Britain should go through, and this was clear to Washington. Here, therefore, was the opportunity for Washington to put pressure on Ottawa; here was the chance for a deal. Reliable sources have told me that a deal was made, and for placing the Canadian dollar at par with the United States dollar the United States administration gave assurance that the British loan would go through. The public facts are these and the dates are as follows: The OPA was ended on June 30, against the wishes of the administration. The then