

One would permit the Governor in Council to establish a branch of the Mint elsewhere than in Ottawa to provide facilities for the melting and assaying of gold. I understand that a branch is being established for that purpose in the city of Vancouver. The other amendment is to provide that the Master of the Mint shall make an annual report to parliament covering the operations of the Mint.

Part III of the bill carries over from the Foreign Exchange Control Act, which is being repealed, the provisions for the Exchange Fund which is held by the Minister of Finance to aid in the control and protection of the external value of the Canadian monetary unit. That fund was started in 1935 with some fifty or sixty million dollars, being the profit upon the revaluation of gold made at that time. At present the fund amounts to about \$1,750 million, and we were informed in the committee this morning that it consists of approximately \$850 million in gold and about the same amount in United States currency. This is the only part of the Foreign Exchange Control Act which is continued in operation.

Part IV deals with the repeal of the various Acts and parts of Acts, including the Foreign Exchange Control Act, which this bill seeks to replace; it also repeals three sections of the Bank of Canada Act under which the government has had the right to call in all old gold coins of Canada and to pay for them at the former rate of \$20 per ounce. As it happens, practically all these gold coins have been called in, so it is not felt necessary to continue these provisions.

That is in brief an explanation of this bill.

Hon. A. N. McLean: Honourable senators, I would like to call the attention of the house to Part III of this bill, under the heading of "Exchange Fund". In committee I registered the objection that I did not think this clause was broad enough. It will be noted that the minister is given power to purchase and acquire with money in the Exchange Fund Account the following: gold; currency of the United States; deposits in currency of the United States; currencies of any country other than Canada or the United States that are freely convertible into gold or United States dollars; and deposits in such currencies held in the name of the minister with the Bank of Canada or any other designated bank; securities of or guaranteed by the Government of Canada. These are the monetary instruments that the minister is given authority to purchase.

You will note that United States dollars, upon which we recently wrote off an \$80

million loss, are given top position, whereas sterling is not recognized in any way at all. There was a time, not so long ago, when sterling was the top money of the world. I personally can well remember when sterling was the prime reserve in all the leading national banks. Today British sterling is having a desperate fight to come back, and that sterling shall be restored to its former prestige means, I think, just as much to us in North America as it does to the United Kingdom and other parts of the commonwealth. Some may think that sterling may be "down and out", but I can tell you that there is just as much of the world's trading carried on today in British sterling as is carried on in dollars. Yet, although we are part of the British Empire, instead of lending a hand to sterling at this time of crisis, we choose, so far as this bill goes, to stay on the outside just looking in.

Today British sterling is convertible into the moneys of New Zealand, South Africa, Australia, and many other parts of the Empire. Now it is true that if we were to recognize sterling and place some millions in reserve in the Bank of Canada, and thereby lessen the strain on the pound, such sterling would not be convertible in the United States and several other dollar countries. On the other hand, it would give this country present or future purchasing power in Australia, South Africa, New Zealand and other parts of the sterling area.

It is true that these countries are going through a crisis at the present time, but their resources are beyond imagination and they have a future like ourselves. These countries are going to become great nations. All wealth comes from what is taken from the land and sea, and these countries have vast areas to develop with the brawn and the brain of their people. Their resources are enormous, and in five or ten years we shall look back and wonder why they ever had to go through such a monetary crisis as they are now. I cannot see that we are taking any risk by investing money in the future purchasing power of these countries. In our country there are surpluses of pork, beef, lumber, fish, and so forth, on which we are bound to take a loss in the future. If sterling was recognized by the Bank of Canada and we accepted it for these surplus goods the risk on the sterling would not be nearly so great as the risk of holding our surpluses and selling them at a loss.

Honourable senators, before I sit down I should like to call attention to the Russian situation. Russia is mining an enormous amount of gold, and is not selling it. The Russians are putting the gold behind the