

for doing away with order-in-council government. I hope they will not overlook that very important point.

As to the principle of this bill, I say again that the vital point is the element of permanency. I think the discussions before the Banking and Commerce Committee on the subject-matter have finally decided that point.

Some Hon. SENATORS: Question.

Hon. JOHN J. KINLEY: Honourable senators, the honourable member from Victoria (Hon. Mr. Hushion) said that he was not a lawyer and did not as a rule deal in theory. Like him, I am a plain industrialist and all my life have been trying to make industry work for me and my associates. When the subject-matter of this measure was before the committee I was very critical of some sections of the bill. For that reason I desire the attention of the house while I clarify and state my present position.

I need hardly say that I do not like the bill. It represents legislation that under ordinary conditions and in ordinary times is too restrictive, too arbitrary in its control and too drastic in its enforcement provisions. In the long run it would likely do more harm than good to our trade and our people. It is not complimentary to our productive capacity or our financial strength. It conveys a message to our people and to the world at large that we need protection, that we fear the threat of competition, and that we cannot stand the stimulating breezes of economic freedom.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: We naturally ask from where and from whom comes the threat. Surely its source is not in Great Britain, because we have loaned that country billions of dollars, and we have proven our strength to the world by the fact that we could send abroad immense sums of money and at the same time finance our own war effort. Surely the threat does not come from Europe, because Germany, one of our great competitors of other days, is destroyed; and not from Asia, because Japan, a great competitor of all the North American continent, has now no industrial activity for external trade. There can be nothing to fear from those sources—the danger, it appears, comes from our good friend and neighbour the United States of America.

In the United States there are 130,000,000 people, and because of their proximity to us along our 3,000 miles of undefended border, they are all potential customers of Canada. In this country we have 12,000,000 people. Surely if 12,000,000 people are efficient and industrious they can sell to 130,000,000 people

more than they need to buy from them. So under ordinary conditions we have very little to fear in the matter of trade from the 130,000,000 people of the United States.

The honourable leader of the government (Hon. Mr. Robertson) told very well the story of the principle of supply and demand. In my opinion we treat that great principle too lightly. In trade between two countries the exchange of goods and money always creates a condition which is a balance. If currency is depreciated, we naturally buy less abroad. On the other hand we profit more by exports, thus getting the supply of the currency we need. The converse is true when the currency is high. So in the long run external trade finds its level. The way in which this operation works is a good indication of the strength of a country without control.

The threat to our financial position cannot be very severe at the present time, because we arbitrarily raised our currency ten per cent within the past few weeks. When our money was depreciated ten per cent we got a ten per cent advantage on all we sold to the United States. No weak country would arbitrarily raise its currency ten per cent. There must be an economic reason for doing that. I tried to learn from the Governor of the Bank of Canada what the reason was, but he did not give the economic reason. Naturally we are glad that we are in this strong position.

The threat cannot be very serious, because we have been told that at the present time Canada has a billion and a half dollars in U.S. currency and gold. That is more than we ever had before in the whole history of our country. There is therefore no great danger or hazard now, and we all look forward to the time when we will have economic freedom of action.

It seems to me, honourable senators, that this measure interferes with the natural flow of trade, but it may be appropriate under present circumstances. These are the circumstances: Europe needs food and help, and we are sending to that continent all we can produce, even to the extent of depriving ourselves of many things. If we shipped to the United States all the commodities that they have the capacity to buy, I do not think there would be any balance of trade in favour of the U.S.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. KINLEY: We are in the unusual position of sending our goods to Europe when the natural channel of trade is to our great customer to the south of us.

Honourable senators, I am not convinced of the need of this legislation. I am a Nova Scotian, and we like freedom of trade.