

bought more goods in Canada with the same amount of money. They just wanted to go to the United States.

The minute money went to par, Americans who had investments in Canada began to sell out. I know of one incident that occurred in the vicinity of the home of my honourable friend from St. Jean Baptiste (Hon. A. L. Beaubien). An American owned a number of farms there, and he would not sell out as long as the rate of exchange gave him \$1.11 for his dollar. Later he sold the land and took his money back to the United States. Another point is that we were getting a \$3.50 bonus on our gold and our pulpwood, and a ten per cent bonus on all other goods we sold to the United States.

If you take the records from 1935 to 1945, except for the three years when the United States bought war materials in Canada and shipped them to Europe, you will see that exchange has always been heavily against us. What happened was absolutely inevitable. The reserve was running out. I knew it last spring. I asked one of the experts in committee how much we had in the way of a reserve, and he would not tell me. He dared not tell me. It was running out far faster than he had prophesied the year before. Why did the government wait until November to put on these restrictions? It was because we were negotiating the Geneva trade agreements, and we were persuaded by someone, I think the United States, that the agreements would fall through if we ever interfered with the exchange. How fast the reserve was going was shown when Mr. King introduced the agreements in a radio speech one night at nine o'clock and at ten o'clock the same night Mr. Abbott followed with a speech which wiped them all out. I did not even have to move out of my seat, because Mr. Abbott followed Mr. King immediately. We had the agreements and I was rejoicing that we were going to sell goods to the United States and other countries of the world, and were going to be the most prosperous people on earth. I thought of calling upstairs to my wife: "Come on down. I am going to buy you two new dresses. Things are going to be so good we won't know what to do with all our money." Fortunately, however, my Scotch caution prevailed, and I thought to myself: "Wait a minute. Mr. Abbott is yet to be heard from." After listening to Mr. Abbott's speech I thought: "Gee whiz! Instead of buying my wife two new dresses, she will have to buy me a new suit".

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: The point is that the Americans do not think our currency is as valuable as theirs. It is my personal opinion that world exchange should be put on a free basis. Ultimately we have got to come to that.

We have heard a lot of preaching in this country about the prosperity we were enjoying. If Mr. Duncan is right, and I think he is, we have only two years to get into world trade and meet the competition of Europe, Asia, and the United States. Can we do that on a forty-hour week? I do not think so. We have got to face the situation, and the sooner we do so the better it will be for the people and the fewer the hardships they will suffer. If the people were told candidly—and they should be—just how fast our money is running out, steps could be taken to adjust our economy to meet the situation.

Hon. Mr. LAMBERT: Does the honourable senator not remember being given ample warning of that very fact a year ago last summer? At a special meeting of the Committee on Banking and Commerce Mr. Towers presented certain figures regarding American dollars and predicted that within a year \$600 millions of that amount would be used up.

Hon. Mr. HAIG: I was present at that committee meeting, but Mr. Towers did not tell me that a year later funds would be running out like greased lightning. He did not tell the government that; or if he did, they did not listen to him.

Hon. Mr. LAMBERT: He considered he had told them the year previous.

Hon. Mr. HAIG: I am neither defending nor prosecuting Mr. Towers. The Government of Canada is responsible to the people of this country, and if things had gone well I am sure that my honourable friend would not have mentioned Mr. Towers. The government has to take the responsibility for whatever has happened. I remember the interview in the committee, and if my honourable friend is right and the government knew the situation at that time, provision should have been made to meet it. There should not be a blanket prohibition of all products coming into this country. Last Friday night the representative of Great Britain in the three western provinces told me the proposal was that any country would be allowed to ship into Canada 200 per cent of what it shipped here in 1937, 1938 and 1939. What does that mean? At the present time the United States is shipping to us practically all the cotton goods that we import. They built up that trade during the war, because it was better for us to get our