

Hon. Mr. EULER: I was not suggesting that altogether, but very very definite lowering of their tariffs and removal of restrictions.

Mr. BLAIR: It is a very difficult thing to say to what extent that would really improve the volume of trade.

Hon. Mr. EULER: You do admit that would improve the situation?

Mr. BLAIR: To what extent, is the question.

Hon. Mr. HORNER: Some comment was made, I think by Bevin, and some others, to the effect that better use might be made of the gold buried at Fort Knox, for instance.

Mr. BLAIR: That gets us into another very large problem.

Hon. Mr. CRERAR: I do not know that I agree with the opinion expressed by the witness a minute ago, that is, that a way to improve or settle this problem might be found—if I understood correctly—in enlarging the resources of the international monetary fund. If I am correct in that, I am bound to say that I cannot see in the end where that will work out, because what would happen is that, say, the resources of the international monetary fund were increased ten times, those resources would have to come largely from North America. Then the international monetary fund operates and debts are created, and then what really happens is that the international monetary fund bails them out for the time being. It boils down to this, in my mind, that there is not much difference between that process and, say, the dollar countries continuing to loan to the so-called sterling countries.

Hon. Mr. EULER: The same thing.

Hon. Mr. CRERAR: The remedy can only be found by a willingness on the part of the dollar countries who accept goods from the sterling countries, because that is the problem, between sterling and dollars. That could come about by relaxation of customs regulations, easing the processes of trade and reduction of tariffs, and so forth. But that would not solve the question, it seems to me, unless something else were done in the sterling countries. Taking Britain as an instance, I doubt very much if Britain can maintain the welfare state plans on the existing scale, which involves substantial wages, especially shorter hours of work, and all that sort of thing, and bring herself back. And we in Canada are trying to do that, the United States is trying to do that. We have the advantage over Britain that we have immense resources to work with, and Britain has not. So that there is no easy solution to this problem of sterling dollar exchange. At bottom it is a political problem, how far can governments carry their peoples today and adopt sensible policies. That fundamentally, as I see it, is at the bottom of the issue.

Mr. HENDERSON: That is why we, sir, in this committee, feel that the balance of payments problem, relating as it does to the internal economies of these countries is at the crux of the matter. They have to clean up their internal economies before they can balance trade.

Hon. Mr. HORNER: Is it not a question of the very great variety of the cost of production, hours of labour and wages? Are they not a bar to trade? For instance, it is impossible for Canada to accept goods, where men are willing to work 12 hours a day for half of what our men would. That is the stumbling block, is it not?

Mr. HENDERSON: I think it is. I suppose you have in mind Japan?

Hon. Mr. HORNER: Yes, and Germany.

Mr. HENDERSON: I would like to ask Mr. Reid to speak on this, but just from my general reading and study of the problem I would submit that the