detail during the debate on its resolution stage last December 3. Therefore, I propose to speak relatively briefly at this time, and it is my hope that the house may wish to expedite second reading so that the standing committee on finance, trade and economic affairs can begin at an early date its examination of the detailed provisions of the bill and the special drawing rights scheme.

As I pointed out in my earlier remarks the proposals in the bill represent a highly negotiated package, the details of which were negotiated over a protracted period of time and agreed to by an overwhelming majority of the International Monetary Fund's one hundred-odd member governments. Therefore the changes in the articles of agreement of the International Monetary Fund which it proposes constitute what is in effect a single amendment and they should, I think, be looked upon in that way.

The bill furthermore provides for a change in the Currency, Mint and Exchange Fund Act to provide authority for special drawing rights obtained by Canada to be held in the exchange fund account. It is visualized that any special drawing rights, or S.D.R.'s as I will refer to them from now on, thus held by Canada would be included in Canada's official reserves.

The more general point, Mr. Speaker, is that the S.D.R. proposal represents another step forward in the evolutionary development of the international monetary system since the Second World War to which I referred when I spoke on December 3 last. Despite the many critcisms of the system which seem to be in vogue today, one could well be impressed with the system's ability to cope with the major unforeseen developments of recent years in ways which do not impair national or international prosperity. This recent performance may be contrasted with the experience of the past when international monetary developments had much more severe consequences.

There is no denying that the spirit of international monetary co-operation and co-ordination, which has marked the postwar period and which is embodied in the International Monetary Fund, has made possible a rate of growth of world trade and a reduction in barriers to trade which have few if any parallels in history. Canada is a major trading nation and our prosperity depends on world trade to a degree equaled by few other countries in the world today.

We have been a prime beneficiary of this rapid growth of world trade and have every interest in all measures which can facilitate the continued growth of world trade in the future. This is why Canada has participated actively in the liquidity discussions of recent years and why Canada has given its active support to the special drawing rights proposal.

• (4:40 p.m.)

It would be wrong to suggest, however, that the S.D.R. proposal is more than one step, though a large step, in the process of evolution of the international monetary system. It is not a panacea. There are pressing problems remaining in the international payments scene which cannot be solved solely by the deliberate and orderly creation of international reserves. These problems will need to be solved if short term crises, of which there have been several in the past year or so, are to be avoided. Most of these problems stem from the inadequate operation of the adjustment process. A number of major countries have experienced deficits or surpluses of a persistent and intractable nature in their balance of payments, and these have to be corrected. Hon. members will have noted that this is recognized in the proposed amendment which provides that activation of the S.D.R. scheme is contingent upon the attainment of a better balance of payments equilibrium and the likelihood of a better working of the adjustment process in the future. Under these circumstances, however, the existence of the S.D.R. scheme can ensure that the future growth of trade and payments will not be impeded by a lack of liquid reserves in the system.

The amendment to the articles of agreement of the International Monetary Fund will not come into force until it has been approved and accepted by three fifths of the International Monetary Fund's membership holding at least 80 per cent of the total votes. As of December 31, 1968, 27 member governments with 47.22 per cent of the total votes had approved the amendment. As in the case of Canada, a number of other countries are currently well advanced with the legislative action needed before they can give their approval. I am confident the house would wish the action on this bill to be completed in time for Canada to be among those countries whose approval brings the amendment into effect. I therefore urge the house to give prompt second reading to this very important bill.