

*Currency, Mint and Exchange Fund Act*

length. The house will not wish me, at this stage, to repeat all the explanations I gave. Suffice it to say, today, that this amendment is being introduced in order to empower the government to implement a commitment made nearly two years ago. In brief, this commitment was to join with nine other leading countries in an undertaking to make advances under specified conditions to the international monetary fund, in time of need, to supplement the existing resources of the fund.

All the relevant details of this arrangement, which is known as the general arrangement to borrow of the international monetary fund, were explained at the resolution stage.

It seemed to me, however, from the discussion that took place last Friday, that I could usefully add some broad observations. Indeed, before the debate concluded, the Minister of Finance (Mr. Gordon) undertook that this would be done. At that time, several hon. members showed considerable interest in some studies which are now being carried forward under the auspices of the same ten countries as are making financial commitments under the general arrangements to borrow. I think it would help to clarify matters if I began by saying a few words about these studies.

These new studies were launched by a meeting of the finance ministers of the ten countries early in October at the time of the annual meeting of the international monetary fund in Washington. They had in mind the fact that the agreement under which the international monetary fund was established is now very nearly 20 years old. Hon. members will recall that the Bretton Woods conference was held in 1944. It seemed to them that the time had come for a new, extensive and forward-looking review of the functioning of the international monetary system. In the communique which was issued on October 2, they said:

This examination should be made with particular emphasis on the possible nature of the future needs for reserves and for supplementary credit facilities which may arise...The studies should also appraise and evaluate various possibilities for covering such needs...The ministers...have now instructed their deputies to examine these questions, and to report...over the course of the coming year.

In recent years, as hon. members are aware, there have been many proposals for improvement in the international monetary system. These have been put forward by governments, by bankers, by economists, and by others. It will be the task of our representatives who are carrying forward these studies to appraise, evaluate, and report on them. It is my hope that the ministers may receive a report by next summer so that whatever action might seem appropriate could be taken at the next

[Mr. Benson.]

annual meeting of the international monetary fund. This meeting is fixed for next September.

In reply to a question raised last Friday by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) as reported in *Hansard* at page 4791, I am happy to give assurance that the Canadian representatives who are participating in these international studies will not be open to any charge that they are dragging their feet. The Canadian government is most anxious that these studies should be pursued vigorously, and that they should lead to constructive results.

The hon. member for Red Deer (Mr. Thompson) wondered why Switzerland was not in the group of ten. The answer is that Switzerland is not, as all the other ten are, a member of the international monetary fund. Special legal complications are involved in Swiss association with the fund's general arrangement to borrow. However, legislation is now before the Swiss parliament which, if passed, would permit Swiss association with this operation.

No less than three members referred in their remarks last Friday to an article that had appeared in various newspapers during the previous 24 hours. This article stated that the representatives of the ten countries participating in studies of the international monetary system are—and I quote—“actively considering a plan for creation of some form of international currency unit”. The article went on to describe a particular plan which is usually associated with the name of a Washington economist, Edward Bernstein. In doing so, the writer seemed to imply that this plan had some pride of place in the consideration of the group of ten. I am informed that, as one would expect, the work of the study group is still at a preliminary stage. All the main proposals for improving the international monetary system will no doubt come under review, including that of Mr. Bernstein. But, at this early stage, no special attention has been given to any particular proposal.

I am, therefore, in a position to reassure the hon. member for Lapointe (Mr. Gregoire) that he is, to say the least, premature in jumping to the conclusion that the next step will be the establishment of an international currency, to use the words attributed to him in *Hansard* at page 4792, along the lines proposed by Mr. Bernstein.

At this point, and at other points in his remarks that day, he did not distinguish between, on the one hand, the current studies I have been describing, which look towards various possibilities in the future of international monetary arrangements and, on the other hand, the action which the house is