whole, and with every nation in it. It would make payment to its own nationals for their exports when it re-discounted their Bills of Exchange, and it would receive payment from its nationals for all imports when those nationals met their Bills of Exchange.

Interest and amortization on foreign loans would be paid by the borrower into his National Central Bank, which would thereupon credit the lender's Central Bank, which would pay the lender. The credits created in this way would be indistinguishable from the credits created by importers paying for current imports, and could similarly only be cleared when the creditor country created a contra account by importing.

The CHAIRMAN: Thank you indeed, sir. The meeting is now open for honourable senators to ask questions.

Hon. Mr. LAMBERT: Mr. Chairman, I do not want to ask any particular question at the moment but I should like to draw attention to the fact that this statement which has just been delivered is full of interesting and slightly provocative material. I do not think in the time that is left to us before 11 o'clock, when another committee meeting is to be held, we could begin to encompass this subject. I should like to suggest, therefore, that some thought be given to a later sitting with the witness at which time we could have a better opportunity of discussing this matter.

Hon. Mr. GOUIN: We would be delighted to have an opportunity to ask questions, but with the five minutes that we have left it is impossible to have such an interesting question and answer period. I should like to congratulate the speaker and to thank him for having made a few remarks in French.

There are two expressions which I shall never forget. The first is, "Money Curtain", and the second, that international trade has become a form of cold war.

Whereupon the committee adjourned until the Senate rises this afternoon.

At 4 p.m., the committee resumed.

The CHAIRMAN: Honourable senators, I call the committee to order. For the benefit of those who were not here this morning, Mr. Leigh presented his brief, and afterwards it was moved that the committee adjourn until the Senate rose this afternoon, for a question period. Now, the meeting is open for questions, and Mr. Leigh will answer any questions honourable senators wish to ask, in order to clarify any statements in the brief.

Hon. Mr. HAIG: Mr. Chairman, I listened this morning to Mr. Leigh read the brief, and apparently he suggested an arrangement to solve the problem by a central bank in some country, but the point that worries me about it all is this: The only country, apparently in the world which has a surplus is the United States of America, and may be Canada has also, I am not sure. But let us take the case of Canada. We buy more from the United States than we sell to her. Before the war we used to do the same thing, but we sold then to Europe more than we bought from them, and they gave us American exchange and we used that to pay our bills to the United States. Now that has been largely cut off. It is true that money from the Marshall Plan helped us to some extent. But in the last two years the trade of the United States has taken another slant. We sell less goods to them than we buy from them, but they are investing large sums of money in this country by way of permanent investment. The result is that our money is above the par of exchange, but that can only last until that investment stops.

Now, what is going to happen in a country where production is not sufficient to keep up the standard of living that is enjoyed now, and to which they have become accustomed, under your scheme, Mr. Leigh? How is