The WITNESS: This is a thing that the British Empire as a whole, which produces over half of the world's gold production, would find it difficult to complain about. To the British Empire as a whole this ability to convert gold into foreign currency as required meant that in 1938, for example, something over $650,000,000 was available that would not otherwise have been available. If, in fact, this is not the gold standard except in the sense that gold can be used as a means of settling international balances of payments I think that those who criticize that remaining feature would have to demonstrate there is some easier way by which Canada can get $200,000,000 worth of imports which are needed for the consumption of her people each year. And those who are interested in this from the point of view of the British Empire would have to demonstrate that there is some easier way by which the British Empire as a whole could get more than $650,000,000 worth of imports which are needed for the consumption of their people.

By Mr. Quelch:

Q. As far as the last point I would say that as long as other nations are willing to give us $35 worth of goods for an ounce of gold I certainly would not oppose it. I liked your definition of the gold standard. I forget the words but it was to the effect that it would be a condition where gold takes a priority over the rights of the people, or words to that effect. Perhaps I did not put it in your exact words.—A. That is not quite what I said, Mr. Quelch. What I said was, as I recall it, a system under which exchange stability was the primary objective of economic policy and would take precedence over domestic stability.

Q. I was not basing my claim that this is a form of gold standard upon article 4 because that only deals with par values of currencies. If under the Bretton Woods agreement a creditor nation was under compulsion to accept goods in payment for its exports I would look upon the gold provisions generally speaking as harmless but, of course, that is not the state of affairs in this Act. Under subsection 2 of 7 — —A. What page is that?

Mr. IRVINE: Is this the bill or the agreement?

Mr. QUELCH: This is the final Act. I am not dealing with the bill at all. It is page 25. It compels a creditor nation to buy gold from the fund when currency is scarce. I would not take any objection to that clause at all, but if we turn to section 4 of article 8, on page 26 (of the white paper) it reads:

(*a*) Each member shall buy balances of its currency held by another member if the latter, in requesting the purchase, represents

(i) that the balances to be bought have been recently acquired as a result of current transactions; or

(ii) that their conversion is needed for making payments for current transactions.

The buying member shall have the option to pay either in the currency of the member making the request or in gold.

In other words, that compels a nation to sell gold when its currency is held by another nation and it does not possess currency of that nation with which to pay; is that a fair statement?—A. No, it is not a complete one, Mr. Quelch. Would you read (*b*), (iv) and (v)?

By Mr. Quelch:

Q. "(iv) When the currency of the member requesting the purchase has been declared scarce under article VII, section 3 (*a*); or

(v) When the member requested to make the purchase is for any reason not entitled to buy currencies of other members from the fund for its own currency." And that means that if that nation was not in possession of the currency of the country—A. Then the obligation shall not apply.