

*San Francisco Conference*

be necessary to surrender a certain degree of sovereignty. You do that every time you sign an agreement or cooperate. But unfortunately the Bretton Woods agreement goes far beyond that. It means loss of sovereignty to the extent that an international authority would control your national budget.

The Prime Minister I know has stated that Canada is not committed to the final act of the Bretton Woods agreement. But let us remember this. Canada sent experts, so-called, to the London conference, to the Washington conference and to Bretton Woods, and these experts took with them a Canadian plan. Three plans were considered: the White plan, the Keynes plan and the Canadian plan, and we were told over the air that the final plan that was adopted resembled more closely the Canadian plan than either of the other two. Is it likely that any government would send experts to a conference with a plan if they fundamentally disagreed with the plan their experts were presenting. So undoubtedly we may say that the government, when it sent its experts with the Canadian plan, must have been in accord with its general principles, and there is no fundamental difference between the Canadian plan and the final act of the Bretton Woods agreement.

I used the term "so-called experts" advisedly, because I judge whether a man is expert by his record and by his actions. I remember that these men who are advising the government to-day on financial affairs are generally speaking, the same men who were advising the government in the nineteen-thirties, in the depression years, during which period our production was down to less than fifty per cent of its capacity. I ask the members of this house, if you hired an expert to run your plant, and over a period of days, weeks, months or years that expert failed to develop the capacity of your plant to more than fifty per cent, would you be willing to call that man an expert? I am satisfied that long before the end of a year, perhaps at the end of a month, you would fire him because you would consider he was thoroughly discredited. Yet these very men whose policies were so thoroughly discredited in the depression years are the ones who are now advising the government on the financial policy of the future, and they have started over the same route that we were taking between the two wars; they are already leading us back to the gold standard.

Agreement and cooperation among the nations of the world on a basis of mutual advantage is essential if we are to have a lasting peace. I think we are all agreed on that. International trade should be a bond of friendship, not a cause of international friction. To

[Mr. Quelch.]

hope to maintain peace through some form of international organization while at the same time carrying on a policy of economic war is in my opinion simply to live in a fool's paradise. Let me recall what President Wilson said shortly before his death:

The seeds of war are sown in hot, successful commercial rivalry.

I doubt whether at any time in the history of this world that was going on to a greater extent than it is now in preparation for a fight for the markets of the world.

The failure of the league of nations has already been attributed by some members of this house to the fact that it did not have at its disposal an armed force. To my mind that was not the cause of the failure of the league. Its failure was rather due to the fact that the nations represented on the league lacked either the will or the desire to impose any policy that might interfere with the profitable trade of their own nation, and that was especially evident in regard to Japan, Italy and Germany. Unless we are really sincere in our desire to do everything in our power to maintain peace, if we, on the other hand, seek advantage for ourselves at another nation's expense, we make a mere farce of the Dumbarton Oaks proposals.

I want to deal briefly with my main criticism of the final act of the Bretton Woods proposal. I made four charges against that final act, and I want to deal with each one.

In regard to international trade, it has been customary to regard default as arising from a nation's buying more than it can pay for. Today, however, it is realized that the blame often rests with the creditor nation because the creditor nation takes steps to prevent the debtor nation from balancing its payments. In the past, nations threatened with an unfavourable balance of payments were able to institute exchange restrictions as a protection. But under article 14 of the final act of Bretton Woods that power has been removed under threat of expulsion from the organization, unless permission can be obtained from the international board. Then a debtor nation unable to meet its obligations is severely penalized under article 5, section 8. So it may be charged that whilst the final act gives no protection to nations in default, it at the same time removes one of their main defences and then severely penalizes them for being unable to meet their obligations.

Now I ask, is a policy of that kind, distinctly detrimental to the debtor and to the advantage of the creditor, likely to bring about good feeling throughout the world. It will be argued, of course, that the creditor countries will be willing to make long-term loans to the