

**Hon. Mr. Robertson:** The excess of American exports over imports from January 1, 1914, was said to be \$101 billion. One of the great facts facing the United States, and indeed Canada, although the pattern here is a little different, is that goods can only be paid for, in the long run, by other goods. Exchange of currency is simply a means of facilitating transactions. As my honourable friend says we might sell goods to Britain and receive payment in sterling, which would be of no use to us. In effect, and in the long run, we can get paid for our own goods only by accepting other goods. But on this side of the water there is reluctance to import more than very limited quantities of goods from Europe, although Canada does not seem to be as reluctant to import from the United States.

**Hon. Mr. Duff:** I am still a free trader.

**Hon. Mr. Roebuck:** Has my honourable friend not overlooked the effect of rents and dividends upon United Kingdom trade? Britain's excess of imports over exports was paid for by credits received from her investments of money abroad.

**Hon. Mr. Robertson:** Yes, I agree. Those investments financed very large purchases by Britain from the United States. As honourable senators know, the amount of American money invested abroad is relatively small. I am distinguishing now between moneys advanced by the American government and the investment of private capital. I understand that the total of capital investments by the United States in foreign countries is in the order of \$10 billion, of which more than half—I think some \$6 billion—is in Canada.

My honourable friend made one suggestion with which I entirely disagree, and it has to do with a matter of great importance. As I understood him—and if I am wrong he will correct me—he suggested that there could be no permanent solution of our trade difficulties unless currencies were allowed to reach their own levels. He said that originally, though not an advocate of complete lack of control, he had favoured a devaluation of our money in terms of the United States dollar, but that afterwards he had fallen under the sway of the eloquence of the honourable gentleman from Toronto-Trinity (Hon. Mr. Roebuck) and now believed in total relaxation of all currency controls. As I say, if I am wrong in my statement my honourable friend will correct me.

Now, honourable senators, I think that the proposal for complete relaxation of currency controls is both unrealistic and undesirable. It is unrealistic because of the simple fact that if we eliminate all control over currency

in this country we must cease to be part of the International Monetary Fund, whose members have agreed to currency control. At the moment I am not arguing the merits of that organization, but it seems to me that there must be control to some degree if we are to participate in international collaboration for the stabilizing of business. It is true that the countries participating in the international agreement are permitted a certain range within which they may devalue their respective currencies without in any way failing to live up to their obligations. If I remember correctly, the limit of devaluation that may be made in this way is 10 per cent.

**Hon. Mr. Haig:** That is correct.

**Hon. Mr. Robertson:** But if a country is able to convince the other participating members that its economy is in a state of fundamental disequilibrium, it may be permitted to devalue its currency more than 10 per cent. Any country receiving the International Fund's permission to do this does not expose itself to the risk of retaliatory action on the part of other countries through the imposition of dumping duties against it. Now apparently Britain was able to show her economic situation to be so serious that she was allowed to devalue her currency by 30 per cent in relation to the American dollar, and of course the approval by the International Fund of this devaluation meant that dumping duties would not be imposed against British goods coming into other countries belonging to the organization. Because we kept our devaluation within the permitted range of 10 per cent, we did not need to get the fund's approval. Had we desired to devalue by 15 per cent or 20 per cent, we should have had to appeal to the fund and attempt to prove that our economic condition made the required devaluation essential. I very much doubt if we could have made a case for devaluation beyond 10 per cent.

The devaluation of Canadian currency by 10 per cent at the time of the British devaluation of 30 per cent was made voluntarily by this country, but there was some difference of opinion as to the wisdom of our course. For my part, as I believe I have stated here before, I was disappointed that we devalued our money at all. I think that in the long run we would have been better off had we not done so. However, that is a matter of opinion.

But, getting back to my honourable friend's suggestion, I do not think we could have removed all control over our currency and still remained part of that international organization of which Britain and the United States are also members. I suppose the United States is probably the leading nation in the great