

belief. But I do say that the changeover from a sellers' to a buyers' market is upon us, and the first move has already been made. Therefore we shall be faced with selling our goods under different circumstances—some of them, I admit, in fortuitous circumstances in that those goods command a world market and are essential to the feeding of the world. On the other hand our essential metals are required for the making of the sinews of industry throughout the world, so that world industry may have the essential raw materials. We are in a fortunate position in that regard. But from the point of view of the over-all position, having regard to the rapid depression and the slump that has taken place on the security exchange, it can be said that we have moved into a different type of market, one in which pressure will have to be exercised in order to sell goods. That being so—and it is bound to happen sooner or later; every cyclical movement of trade develops in that way—exchange restrictions will have to be a continuing part of our way of life until such time as world trade really gets to a state of equilibrium and regains some semblance of stability. It is merely wishful thinking to consider that that is likely to happen in the near future. Therefore I offered my amendment.

I have one further observation to make in this connection, and it is in direct reply to the hon. member for Acadia. He is perfectly correct when he says that I did support the Bretton Woods agreement. I believed, and I still believe, that some method of currency stabilization on an international level was necessary. I still believe there is at least a hope that that might take place. Therefore I supported the Bretton Woods agreement. The levels of currencies agreed upon under this agreement have proved to be completely unworkable. Instead of devaluing currencies, they were placed at an uneconomically high level in order to improve the trading position of the various members of the international monetary fund with the United States. This has made the whole Bretton Woods agreement unworkable.

My position now is that we should take steps to maintain our freedom in respect of the international monetary fund. It has been proved that under present regulations it cannot be made to work, or cannot be a workable instrument for the stabilization of international exchange. It has been proved that the rates fixed by the fund have no real connection with the actual value in the open market of the fund of the member countries. I feel that necessary steps should be taken; and if the fund will not bring reality into

its dealings, then either we should withdraw from it or should take such steps as will bring reality into our dealings with the fund.

I say that because there are just two alternatives in connection with currency stabilization, two ways in which it can be brought about. One is by the establishment of a gold standard; and I think it would be wishful thinking if we were to assume that in the chaotic situation of the world today any semblance of a fixed gold standard could be brought into being. The other way is by international agreement to stabilize currencies. I supported the Bretton Woods agreement in the hope that there would be some international agreement and that it would work. Unfortunately it has not proved to be workable.

As I see it, this situation is not likely to be temporary, despite the sanguine hopes of the Minister of Reconstruction and Supply. My reason for saying that is that our trading position is dependent upon world trade. If we are to control our currency, or at least attempt to control it, it will be a long long time before world trade gets into such a state of balance that these or some other regulations will not be necessary. If the government would free the Canadian dollar and abolish the foreign exchange control board these regulations would not be necessary. There are the two alternatives.

There is a third possibility which has been discussed at length in this house by myself, the Minister of Finance and others. I refer to the progressive devaluation of our dollar within the terms of the Bretton Woods agreement. I understand that we can devalue ten per cent and eventually a further nine per cent which would put our dollar at eight-one cents as compared with the United States dollar. But even though we did that, I still believe that exchange conservation measures would be necessary.

We are deluding ourselves by thinking of this as a temporary measure. I have contended that part of this measure should have been adopted years ago. I do not want to repeat what I said the other night, that there are three parts to it. One is devaluation, and that action has not been taken. With the upset state of the world, with the majority of the world trading today under controls directly imposed by governments, unless we are prepared to take a long step and free ourselves completely from the foreign exchange control board, I do not see how we shall be able to get away from controls over currency of this nature for at least years to come. Therefore I move the amendment.

[Mr. Adamson.]