

It would be just as convenient to agree with Canada that 4.86 dollars equalled £1 or any other number which would give us both equilibrium with the rest of the world, without the intervention of this hypothetical gold.

In spite of that statement made in July last year, we are now in Canada contemplating fastening the gold standard system onto the people of Canada. They are concerned not so much as we are with the internal buying power of the dollar. England is more concerned with the external buying power of the dollar. At the present time—whatever they may develop in the future—they are not nearly so able to support and sustain themselves as we are, and they examine the gold standard with a great deal more concern than we need to. Therefore when the London Chamber of Commerce speaks, it speaks for the traders, industrialists and the commerce of England and we should pay attention to what it says. In October, 1933, they said this:—

As the Chamber has consistently stated for nearly a year and a half, the root cause of international fear and hostility is to be found in the international and national monetary systems. Internationally, the nations must have active "favourable" balances in order to gain the disposition of gold or gold currencies. Those who are successful in this struggle are able either to take gold from those nations with "unfavourable" balances, or to compel them to borrow the difference and so get more hopelessly into debt.

Have we been doing that in Canada during the last three years? Did we go down to New York and borrow \$60,000,000 to bolster up our exchange rate? Have we hopped our interest rates up, or our interest charges, from \$121,000,000 in 1921 to \$139,000,000 in 1934? Of course we are trying to do what the London Chamber of Commerce says cannot be done under this gold standard monetary system; and to guarantee that we will go deep into bankruptcy. The government proposes to fasten the gold standard onto our nation in a worse form than any country has ever adopted. We have learned nothing from the fact that to every nation that has tried it has been brought disaster. We are making our international trade position utterly impossible. Whether we like Russia or not, we have got to compete in world markets with Russian lumber and innumerable other Russian products; and five years from now we will probably be competing in a lot more things that Russia may be putting on the world market. We have also got to compete with an active and aggressive Japan. The gold standard will prevent us from meeting that competition. Whether you like the Douglas theory or not, don't make any mistake about it, Major Douglas went out to Japan three years ago and the Japanese listened to everything that he had to say, studied his books and worked out their own application of his theories. To-day Japan is managing money and her international trade.

This is what the London Chamber of Commerce said in regard to that situation and what was then said last October, has largely come to pass.

It is quite evident that if Germany's export trade continues to diminish, the time will come when the external value of the mark will be, once more, in danger. Germany has no intention of going through uncontrolled internal inflation twice in one generation, and having regard to the trend of German thought in the last few years, it would not be surprising if she then declared all external trade to be a state monopoly. She would sell her goods abroad just as Japan, just as Russia does; she would acquire pounds, dollars, francs, etcetera, for those sales, and with them would buy her necessary imports. There would be no exchange rate for the mark, just as there is no exchange rate for the rouble.

[Mr. G. G. McGeer]