

normally given in such operations—by the finance ministries or the central banks to revalue their zloty. I do not think we held much in the way of balance of zlotys then. But the effect was to raise the cost of our operations in Poland, which already were quite considerable by way of normal payments of salaries and expenditures in that capital.

Mr. COLDWELL: The economic advisers of the European forces this week made a report. I think you must have that in mind, Mr. Stick?

Mr. STICK: Yes.

By Mr. Coldwell:

Q. They suggest that the Sterling area currencies be revalued, I understand, by as much as 15 per cent. That would mean supplementaries, would it not?—A. We would be back before you very quickly.

When the Polish zloty was revalued on October 30, 1950, the new reform was carried out in such a way that prices and wages were recalculated according to the rate of three zlotys in new money equals 100 zlotys in the old.

However, the rate of exchange of the new zloty in relation to foreign currencies was established in accordance with the relation in gold.

I do not know if the committee is interested in the details, but it might be exemplary of the kind of hazards to which we are subject in foreign operations.

At the old rate, \$1 bought 400 old zlotys. But at the rate of 3 new zlotys for 100 old zlotys, \$1 would buy only 12 new zlotys. And that was the rate for adjusting prices and wages.

The bank rate, which was based on the gold relationship, stated that \$1 would buy four new zlotys.

The Polish government for the period October 30 to March 31, 1951, will pay an additional 50 per cent to the sum of zlotys under certain limitations, purchased at the gold relationship rate.

This means that for the period mentioned \$1 buys six new zlotys. Therefore, from October 30, 1950 to March 31, 1951, the costs will have doubled. From April 1, 1951 \$1 only buys four zlotys which will mean that the costs will be trebled.

Mr. STICK: How many men have we got in Poland?

The WITNESS: We have a legation which is in charge of a chargé d'affaires, a second diplomatic officer, and a subordinate staff of three or four.

Mr. CROLL: Do they report what the black market rate is?

The WITNESS: They certainly did at that time. We have information on it, but of course it is not possible for governments to operate on the black market.

Mr. GOODE: You mentioned blocked currencies in foreign lands. What was the total of them? Would it be possible for you to tell us?

The WITNESS: I could get that figure for you but I have not got it under my hand.

Mr. FRASER: Would it not be well to go over this item by item, Mr. Chairman?

Mr. CHAIRMAN: Yes.

Mr. FRASER: Instead of racing from one thing to another.

The CHAIRMAN: There may be a few questions you will want to ask Mr. Heeney on his statement. Shall item 84 carry?

Carried.

Item 85, "Passport office administration".

Mr. FRASER: Wait a minute. In "Departmental administration" has there been any increase in staff?