or were bound separately and did not observe the rules in regard to it, could we look forward to enjoying the continued benefits of reduced tariffs in other countries? To put it more specifically let us suppose for the sake of argument that we withdrew from the International Monetary Fund, and as a result our exchange rate went down to a low figure, could we then suggest that other countries extend to us the benefit of trade by reason of reduced tariffs or as respect to quotas? In what respect is the question of currency depreciation on our part, or currency stability, tied up with the question of these advantages in the export markets which we at the present enjoy under these agreements?

Mr. DEUTSCH: Senator Robertson, in the first place, this charter recommends that countries that are members of this trade organization should also be members of the International Monetary Fund. If there is not joint membership the countries who are not members of the International Monetary Fund would not have any obligation with respect to maintaining a reasonable stability in their exchange. Those countries who did not have that obligation could, presumably, depreciate their exchanges at will, and they could enter into competitive exchange depreciation, and thereby gain advantages over other countries who were not permitted to do that.

At Geneva it was felt that unless there was joint membership there would not be equality of obligation: You could not expect countries to give concessions on tariffs to other countries who were perfectly free to depreciate their exchange at any time, or to any extent, which could pretty well nullify the concessions which were given to other countries.

The CHAIRMAN: But the members of the fund can depreciate their currency 10 per cent, can they not?

Mr. DEUTSCH: Yes, that is true.

It was felt that if a country was not a member of the International Monetary Fund, it should be required to enter into an exchange agreement with this organization. This exchange agreement would have in it obligations which are similar to those in the International Monetary Fund, and there would be a clause in that exchange agreement concerning the question of exchange depreciation which, presumably, would require those countries to maintain a reasonable stability of their exchange. Withdrawal from the monetary fund would not in fact relieve a country of its obligation to maintain reasonable stability of exchange; if it wanted to belong to this organization, it would necessarily have to enter into an agreement equivalent to the obligations of the International Monetary Fund, with this organization.

Hon. Mr. ROBERTSON: Is the effect of the agreement this, that if we are going to belong to this club and give advantages, we have to maintain a reasonable exchange stability?

Mr. DEUTSCH: That is the effect of the obligations in this agreement.

Hon. Mr. HAIG: But the International Monetary Fund will allow a reduction of 10 per cent, if a country so desires it.

Mr. DEUTSCH: Yes, that is true.

Hon. Mr. ROBERTSON: I am speaking about reductions beyond that figure.

Mr. MCKINNON: Ten per cent is regarded as a tolerance.

Mr. DEUTSCH: To the extent of ten per cent one can act on his own, and does not require the permission of anybody, but beyond that it is necessary to get agreement.

Hon. Mr. MORAUD: I do not know whether this question applies to the subject now before us, but there appeared in the morning newspaper today a quotation by the Assistant Secretary of Commerce in the United States to the effect that we were the only country to which the export of crude or fuel oils was not restricted, and that all other countries had to get export permits.