

Mr. IRVING: Is it not possible, in the case that Mr. Quelch raises, that such a nation might well take payment in goods and its people could consume them very well, and yet it deliberately decides to take it in gold? Is that not the situation sometimes?

Mr. JACKMAN: That is right.

The WITNESS: I do not think there have been many cases of countries, as an act of deliberation, taking gold. There have been any number of cases of countries which have carried out commercial policies and domestic economic policies which have resulted in their having a surplus in their balance of payments which they took in the form of gold rather than evening out that balance of payment by taking more imports. But except in the case of countries that have had no gold reserves and have set out to build up a small gold reserve, I think there must be very few cases where a deliberate choice has been made between imports of goods and imports of gold. I think it is really a consequential factor rather than a determining factor.

*By Mr. Coldwell:*

Q. Is there not the hope that at this conference which is projected for March, I think it is, or some time in the summer, the nations will discuss their trading relationships, and the tariff arrangements and so on in the world, and may to some extent meet the objections that Mr. Quelch has—and which some of the rest of us feel, I may say—to this agreement.—A. Well, yes. I was trying to avoid going over the same ground that I went over last night. But if you wish me to go over that ground again, I am perfectly prepared to do so.

Mr. QUELCH: No, not at all.

Mr. BLACKMORE: It will do no harm. You did it very well.

The WITNESS: I might not do it as well this time. I think I had better let it stand on the record as it is.

Mr. BRADETTE: Mr. Chairman, I believe we are missing the pivotal point in this. When you speak of a nation being on gold, that does not mean bullion. What is meant is only the gold that goes into the monetary system by the yardstick propounded by Bretton Woods.

Mr. QUELCH: Oh, no.

Mr. BRADETTE: That is the meaning, unless I am wrong on that point, and I do not believe I am.

Mr. COLDWELL: Will the witness answer that?

The WITNESS: I would not say that the member is wrong. I would merely say that my own view of it does not coincide with his. Certainly when I referred to gold being used to settle international balances, or being available for that purpose, I had in mind the physical gold and not merely the standard of measurement.

*By Mr. Bradette:*

Q. Article IV, section 1 (a) reads: "The par value of the currency of each member shall be expressed in terms of gold as a common denominator or in terms of the United States dollar of the weight and fineness in effect on July 1, 1944".—A. Yes. But I would ask you to look at the scarce currency article. Article VII, section 2, reads: "The fund may, if it deems such action appropriate to replenish its holdings of any member's currency, take either or both of the following steps:

(ii) require the member to sell its currency to the fund for gold."

I did not point out, because to my mind it would have been purely a debating point, in reply to Mr. Quelch that the obligation to accept gold in the settle-