way to attend the Washington conference. Sir Stafford Cripps has intimated over the past year that pressure was being brought upon Great Britain. I see in the *Christian Science Monitor* of September 13 an article under the caption "World Bank Spurs Devaluation", written by Mr. Neal Stanford. Mr. Stanford refers to the report recently issued by the international monetary fund and the international bank for reconstruction and development. Mr. Stanford quotes that report in one or two instances quite briefly as follows:

> An adjustment in the exchange rate may be the "only" way for a country with high production costs to expand exports.
>
> "The principal aim of deficit countries should be to increase their exports to the United States" so as to earn dollars.

And again:

> Deficit countries cannot afford to forego any suitable instrument, including any necessary exchange adjustment, that could expand their dollar exports and thus provide their people with imports.

I think it can be assumed from what has appeared in the press in the past seven or eight months that tremendous pressure was put upon Great Britain and that the world bank was foremost in applying that pressure.

The second conclusion that one can reach as a result of the action taken last Saturday is that Great Britain must expand her exports by thirty per cent in order to break even, and by more than thirty per cent if one single extra dollar is to be made available to her. The question is: Can she do it? It seems a fantastic increase to make. What if United States industry and exporters make substantial reductions in the prices of their products? There is only one answer. Cutthroat competition on a world-wide scale could easily develop and this would wipe out the benefit of devaluation. Is there any guarantee that such a thing cannot happen?

May I voice a third conclusion, Mr. Speaker? I think we are justified in the conclusion that Britain's dollar problem could have been solved quite as successfully and with much less danger to the whole world through reductions in United States tariff rates, coupled with a sensible easing of customs regulations, rather than through devaluation. It must be remembered, sir, that Britain has advanced to the position where her trade is in balance with the rest of the world. However, it appears that very powerful interests and blocs in the United States have successfully opposed this sensible alternative, and the world bank as well as the government of the United States have allowed themselves to be influenced by political rather than by humanitarian and economic considerations. Only when men in high places fully realize that honourable and just economic relations underlie harmonious and happy political relations can we ever hope to begin to build for world peace and the brotherhood of man.

At this point I should like to congratulate the Minister of Finance (Mr. Abbott) on his forthright talk to the people of the United States about their responsibilities in this world of confused and unbalanced trade relations. I thought he did well. If I have any criticism at all, it is that only technicians and profound students of world trade could possibly understand the exalted diplomatic language he used. After all, these things have to be impressed upon the understanding of the average citizen of our neighbouring country if the necessary pressure is to be generated to induce a favourable change of attitude and just action. The United States must join the rest of us in relieving Britain of some of the burden of the loans and gifts as well as other forms of assistance she has been forced to advance to other countries. Britain must not go down. I am afraid there are powerful forces seeking to destroy her.

I come to my fourth conclusion. It is hard for me to find real justification for the drastic devaluation of the pound. There might have been some justification if large-scale unemployment existed in Britain, but it does not. For some time there has been full employment in that country. We therefore have to seek in other directions for whatever justification there may be.

This leads me, sir, to a fifth conclusion. The heavy pressure which forced Britain to devaluate appears to me to be part of a world-wide scheme to bring about deflation. Business, you know, has been too good. Labouring men have been, generally, too prosperous and happy to suit the powers that hunger and thirst after power. Wages must be brought down, prices must be forced to lower levels, and the volume of purchasing power available has to be reduced substantially in every country of the world, they contend. How can interest rates be brought up to their accustomed level and how can men be rendered docile and subservient without widespread and drastic deflation? Those are the questions vested interests are asking. Those are the things they are demanding.

If this conclusion proves to be well founded, and I think it will be, I ask the government what is going to check the deflationary trend before it forces producer prices to uneconomic levels and wages below the subsistence level? Moreover, if these latter conditions do return, what is going to prevent the whirlwinds of revolution from shaking the world? Let us not forget, Mr. Speaker, that the people of