

not carry out our war effort efficiently if we did not, and accordingly we immediately went off gold. If after the war, we are to make a maximum peace effort, then I am satisfied we shall have to see that no artificial restriction such as a gold standard is allowed to impede the success of that effort. There is nothing new in these proposals whereby international friction may be eliminated, except that it means the loss of sovereignty. I would say this is a beginning. It is a first step toward a form of international dictatorship. And in view of the fact that to-day we are fighting to maintain the democratic way of life, and fighting dictators in enemy countries, I do not think for one moment that the men who are fighting this war want to have an international dictatorship set up.

There is no question that this proposal, if put into effect, would be an international dictatorship. And unless hon. members have read these proposals through to the finish, they will not realize just how they propose an international dictatorship. We find this on page 18 of the British proposal:

The union might set up an account in favour of any supranational policing body which may be charged with the duty of preserving the peace and maintaining international order. If any country were to infringe its properly authorized orders, the policing body might be entitled to request the governors of the clearing union to hold the clearing account of the delinquent country to its order and permit no further transactions on the account except by its authority. This would provide an excellent machinery for enforcing a financial blockade.

Therefore we are going to build up an international police force, so that any nation which finds itself in the unhappy position of having an unfavourable balance of trade, and which does not follow out the recommendations of the union, will have an international police force sitting on its doorstep to see that it carries them out.

Is that what we are fighting for? Are we fighting to maintain an international dictatorship to determine their own affairs in their own country?

Mr. ILSLEY: That is not quite fair.

Mr. QUELCH: I think undoubtedly that is what this proposal means. I am not saying that the people who formulated this proposal realized that. I would like the minister to tell us the terms of reference given when they drew these proposals up. What were the Canadian proposals? Were they told to draw up proposals by which gold could be utilized, or were they told to disregard gold entirely, and bring about ways and means

of making trade among nations as free as possible? I am inclined to think that they were told to bring about proposals by which gold could be utilized. The gold standard itself has always been to a certain extent a dictator, because it has meant that, under certain conditions, as the gold left the country the banks were automatically compelled to call in their loans so as to maintain a certain fixed ratio between gold and the money in circulation. There you had a compulsory reduction in the standard of living, due to the operation of the gold standard. That, in itself, is the work of a dictatorship. Surely we do not want to go back to that.

The minister probably remembers that when Australia and the British empire went on the gold standard in 1925, many people were enthusiastic about what the results would be. I wish to quote what Mr. Bruce, the Prime Minister of Australia, had to say in that regard. This is taken from the book, "Why I Fight", and reads:

It must have a tremendous influence throughout the world, and will go down in history as one of the greatest financial achievements in the empire's progress.

That was the prophecy of Mr. Bruce regarding the gold standard of 1925.

Now, let me quote what happened.

The CHAIRMAN: The hon. member has spoken for forty minutes.

Mr. QUELCH: May I quote one statement by Mr. Churchill?

Mr. ILSLEY: I will speak for a moment, and then the hon. member may have another forty minutes, if he wishes. At one stage I interjected that one statement was not quite fair. The hon. member was quoting from a clause of the British memorandum, and seemed to be arguing that it was for setting up a supranational policing body. It does not say that. It says that if any supranational policing body is set up, this clearing union might assist it. But it does not, in fact, advocate the setting up of a supranational policing body. I am not defending the Canadian memorandum, but when I made my interjection the hon. member shot right off on the Canadian memorandum.

Mr. QUELCH: When he made that statement Keynes suggested that it might take a police force to keep these proposals in effect.

Mr. ILSLEY: My hon. friend has not that right at all. It apparently contemplates or envisages the possibility of some body like the League of Nations having policing powers for the purpose of preserving peace in the post-war world, preventing aggression or something