of international exchange, accompanied as it has been in the past with crisis after crisis; faced with crisis at the present time, and only to be saved—as systems based on the gold standard have always had to be saved—by supplementary schemes of aid to keep it in being?

When the gold standard was first adopted in Great Britain in 1844 only two years elapsed before a domestic crisis forced it to be suspended. Similarly, when this international monetary fund, gold based, international exchange machinery was set up in 1945, only the concurrent loan and Marshall aid arrangements on the part of the United States, and new arrangements of currency accounting in Europe that have now developed into the common market, made this system workable at all. Unless we have some more patching up on the same basis, it will not long continue, and in my estimation this is not good enough. Is it going to be Canada's policy in the future to continue to provide crutches on which this obsolete exchange system can continue to hobble along, rather than devise something better?

I say this, Mr. Speaker, because it is perfectly clear that a better international exchange system that does not depend upon gold can and should be devised in this modern world. That is why the gold standard today internationally, in 1963, and as we approach 1964 is in exactly the same difficulties that the gold standard was internally in 1935. It is perfectly plain also that our present system of the international monetary fund is a positive barrier to Canada's trade with nations which are her best potential markets. This is because the exchange rates set by the international monetary fund are based, not on the real worth of human labour or comparative living and production costs in different countries, but on the ability to buy and sell a single inert and commercially valueless substance which we call gold; or, even worse, credit based on gold which is no more than a confidence trick that can collapse—that is collapsing—any time its bluff is called.

May I take one simple example, Mr. Speaker. The present exchange rate between Canada and Japan makes Japan's labour costs, in terms of Canadian currency, far below comparable Canadian wage levels. What is the result? Japan urgently needs raw materials that Canada wants to sell her, but because of the difference in price levels caused by this exchange rate, if we want to export coal to Japan we have to pay a subvention to bring the price down on Crowsnest pass coal within reach of Japanese ability to pay. Similarly, Canada urgently needs to import more from Japan to replace her present excessive importation of manufactured goods from the United States. Yet we keep these goods out by tariffs and quotas. Why? Because, once again, the exchange rate so undervalues Japanese labour in terms of Canadian dollars that the prices of these imports are unrealistically low by Canadian standards and constitute unfair competition. This is where the international monetary fund has brought us, and if this is the case with Japan, how much more so is it in countries with an even smaller degree of technical advance which urgently wish to trade with us in Canada and should be trading with us strategically and for other reasons as well.

I think we have the right to ask ourselves: What does the international monetary fund have for us? Let us not forget that it is hindering, as well as helping, international trade and aid to underdeveloped countries. Let us not forget the circumstances under which it was set up, that two of the most senior United States officials employed in the setting up of this fund, Dexter White and Frank Coe, were later found to have very definite communist connections. Let us remember that the U.S.S.R., instrumental in the negotiations for the fund, ultimately refused to join it. Let us take a look around the world at the Soviet trade offensive at the present time; our own tungsten mine at Flat River, for instance, put out of business through cheap communist competition, and similar unemployment caused in Turkey as the Soviets press for world monopoly in the production of chrome. And let us reflect a little on how far this Soviet trade success has been caused by the foreign exchange difficulties of western countries, difficulties that the Soviet union deliberately does not share. The Minister of Trade and Commerce (Mr. Sharp) apparently thinks he has struck a gold mine in increased trade with the communist nations. I only say to him: Be cautious. All that glitters, even if it is gold, is not necessarily the wisest and best trading policy for this country.

My personal view is that the best policy for Canada is a gradual disengagement from our connection with the international monetary fund. This will not be achieved by paying good Canadian money for the paper the I.M.F. chooses to print in return. I believe that one way of doing this is the policy presently being advocated by Belgium in the councils of the common market countries of Europe, as reported in the New York *Herald-Tribune* of September 29, 1963. This is, simply, that the developed nations should charge tariffs on imports from low wage countries and use the proceeds to lower the cost of their exports to these same countries.