By Hon. Mr. Bracken:

Q. Give reasonable assurance that the world will not experience these long term trends of the price level. I would expect your answer would be that it would level them out somewhat but I will let you make your own answer.—A. I think Bretton Woods would help to level out somewhat the types of price change that might be caused by the shorter period changes in a country's international monetary reserve, but that is not the type of price change you have referred to. You have referred to very long period changes.

Q. It does not matter how we put the question. In the past there have been these wide changes in the price structure which have been very bad for our economy. There may be many different causes. Whatever the cause was the effect was bad. My question is to what extent will the Bretton Woods proposals help us to avoid the ill consequences of those trends?—A. I would say that, looking to the future, I would expect that the major determinants of price policies will be the monetary, fiscal and general economic policies carried out in the largest industrial countries, and that these policies are not likely to be influenced over a long period of time to a significant degree by the establishment of this institution.

Q. To some degree but not to a significant degree?—A. Not to a significant degree, no.

Mr. QUELCH: It would require a change of heart.

Mr. COLDWELL: It would require a change in economics.

By Hon. Mr. Bracken:

Q. Here is another question. It is just a technical point, and it may or may not bear directly on this matter. At the present time the price of gold is $35 an ounce?—A. In the United States, yes, sir.

Q. Is there anything in the agreement which ties the hands of the United States with respect to changing the price of gold?—A. No, sir.

Q. If that was changed what bearing would it have upon the Bretton Woods proposals, good or bad?—A. When I said that there was nothing in the agreement that tied the hands of the United States with regard to a change in the price of gold I had in mind, of course, that the United States in changing the price of gold would be subject to the same obligations as other members of the fund, namely an obligation to consult with the fund regarding any proposed change in exchange rate, which in the case of the United States is expressed as the price of gold. The fund would not have the right to object if the change in the price of gold did not exceed 10 per cent, and if the United States, notwithstanding the objection of the fund, changed the price of gold by more than 10 per cent certain consequences would follow for the United States, the most drastic of which might be expulsion from the fund. So that it is in that sense that my previous answer should be interpreted. May I ask you to be good enough to repeat the other question that you put?

Q. I have asked several. That is about the price of gold.—A. I do not think I have entirely answered your last question.

Q. I said first, is there anything in the agreement which ties the hands of the United States with respect to changing the price of gold, and I think your answer was "no"?—A. Now I have qualified it.

By Mr. Quelch:

Q. Would section 1 of 4 still apply if the United States was expelled from the fund?—A. The question was not dealt with at Bretton Woods.

Q. It would very chaotic, would it not?—A. It would be rather odd.

Q. To have all that currency tied to the currency of a member which was not any longer a member of the fund.—A. Of course, in section 4 the United States dollar is defined as being of the standard of weight and fineness in effect on July 1, 1944. So it is a purely national unit. It is not actual currency.