

Dr. MARSH: Mr. Chairman, I would say that any acceptance of sterling in return for Canadian exports would be *de facto* a loan. There is no doubt about that. I agree with what Senator Crerar has said. I think that the mere spending of that sterling in Great Britain need not put us back where we were before. It is exchanging our wheat for machinery, or whatever it may be, from Great Britain. That does not put us back where we were. It would facilitate the exchange of goods and services between nations. If we took the sterling temporarily, and spent it the next day, so much the better; if we took sterling and did not spend it, so much the worse. We have the contingency of goods and services, with the loan coming to us sometimes in the future. We cannot get the loan back, unless we take some goods in exchange for the sterling. I think that is the essence of the plan, and you would facilitate the exchange of goods and services.

I admit at once that taking sterling is a loan, and if you invest that in Great Britain, you are switching from one type of loan to another. Maybe that is a good thing to do, and maybe it is not. However, that is what it is. It might pay off.

Hon. Mr. CAMPBELL: May I make a comment on that statement? By doing that, you are doing exactly the same thing as you are doing by selling wheat to the United Kingdom for dollars, and spending the dollars in Britain.

Dr. MARSH: Oh, yes, quite.

Hon. Mr. CAMPBELL: That is why I do not understand why an effort to prevent that is not important.

Dr. MARSH: If you can sell it for sterling and spend the sterling, you do not have to have the dollars.

Hon. Mr. CAMPBELL: You cannot buy anything in Britain for sterling.

Hon. Mr. TURGEON: In connection with the discussion we are having about government intervention, and the exchange of currency, and the taking of payment in pounds; as Senator Crerar pointed out, it would have to be the government itself which would take the payment in pounds, and pay the Canadian exporters in dollars.

There is a paragraph in the brief with which I am very strongly in agreement, but I realize it would take some time to carry it out. I would like to know if there is not some conflict of thinking in regard to the Canadian Government taking pounds, and paying the Canadian exporters in dollars.

The statement on page 11, under heading No. IV, "State Trading" reads:

The International Chamber of Commerce has consistently opposed the intervention of governments in international trade.

With the recommendation:

At the XIth Congress in Montreux, Switzerland, in June, 1947, the International Chamber of Commerce adopted a resolution on: "The Merchant's Role in International Trade" which declared that,

The International Chamber of Commerce is of opinion that bulk buying by governments, as a method of ensuring supplies from abroad, is frequently both uneconomic and unsuccessful, fails to stimulate increased world production of the commodity in short supply, leads almost inevitably to collective selling by the producers of the commodities involved and, by introducing politics into business, creates international tension.

The Chamber urges that the functions of purchasing should return as soon as possible to the recognized trade channels and to Exchanges, which have acquired a detailed and expert knowledge of the various markets over a long period of trading, and which provide facilities essential to industry and commerce.