need to buy goods from Australia; we could buy them from another nation. I shall deal with that later on.

Mr. ILSLEY: I do not wish to get into an argument on theory, but Canada is likely to be a creditor nation on current account after the war is over; we are almost certain to be. What is Canada to do? Is Canada to take such things as wool and wheat from Australia, cane sugar from the West Indies, manufactured goods from Great Britain, and so on, or is Canada not to do so? And if Canada does not, how will Canada continue to export? Some of my hon. friend's associates over there are very sure that Canada should not import anything we can make ourselves, no matter at what cost. If that is so, how will Canada continue to export; will we give our goods away? Perhaps that is what is projected?

Mr. QUELCH: The minister asks if we should be willing to import wool. This would not apply in war time, but let us go back to the period from 1935 to 1939. Did all the people of Canada have all the woollen goods they desired? Would the minister suggest that the million people on relief were all warmly clothed and had good woollen coats? If not, I should say we should import wool so that they could be warmly clothed. Would the minister suggest that all the million people on relief had sufficient sugar? Of course they did not, so that I say we could have imported sugar in order that they might have been properly fed. It is the question of an internal distributing mechanism; we have not been able to maintain an effective demand against our production.

Such action as the London Chamber of Commerce proposes would force a nation either to accept imports in exchange for exports or, after a period of time, have that credit abroad cancelled. The interesting point is this, that Maynard Keynes in his proposal recognized the fact that that may be necessary in future; that some proposal such as the London Chamber of Commerce put forth may be necessary. But evidently he did not have the necessary courage to include it in his proposals. However, he does refer to it at page 10 in this way:

> It is not contemplated that either the debit or the credit balance of an individual country ought to exceed a certain maximum—let us say, its quota. In the case of debit balances this maximum has been made a rigid one, and, indeed, counter-measures are called for long before the maximum is reached. In the case of credit balances no rigid maximum has been proposed. For the appropriate provision might be to require the eventual cancellation or compulsory investment of persistent bancor credit balances accumulating in excess of a member's quota.

Apparently he recognized, as the London Chamber of Commerce does, that it may be necessary to cancel those credits if a creditor nation persists in being a creditor nation, and is unwilling to put its own house in order, by importing freely in exchange for its exports.

Immediately after the war the nations devastated thereby will be unable to pay for the things they require. That condition should still be regarded as the responsibility of the united nations, either through lend-lease or mutual aid. Mr. Churchill in a speech which he made some time ago referred to the fact when he said that for the first four years there would have to be a transition period in which they might have to accept goods, without exporting but that after that period Great Britain would demand her share of the export trade. He did not mention anything about import trade, but said that Great Britain would demand her fair share of the export trade, so that Great Britain might be in a position to pay for imports with her exports.

First of all, I would say that this proposal does not make any provision to deal with that matter. They will carry a nation for a short period; that is, they will make supplies of bancor unitas available to these nations which have unfavourable balances of trade. But since they will not be in a position to export, they will exhaust their quota and lay themselves open to pressure from union officials. It does not define what that pressure may be. I think we can all agree that the pressure would be that you would have to curtail your expenditures and exert a deflationary policy, thereby forcing down prices. It must be recognized that that is the form which the pressure would take.

My main criticism of the proposal—and it is a criticism just as necessary as that of an unfavourable balance of trade—is that it would mean a return to the gold standard. It calls for international currency backed up by gold, and internal currency tied to that unit. So that it is a gold standard mechanism. That is the way in which the British scheme is built, and also the American and the Canadian. I should like to point out my objection to the gold standard mechanism. No longer would a nation's standard of living be dependent entirely upon its productive capacity. There would be another limiting factor. When we went into this war and wanted production expanded to the maximum, what did we do? We immediately went off a gold basis. We realized we could