

Mr. ADAMSON: If the minister can read anything in what I said where I even remotely suggested that our conditions were the same as those of France, then I suggest very seriously that he see an alienist. I was replying to a question put by the Postmaster General. He asked when I had advocated these three measures in the past. I suggest to the Minister of Finance that perhaps in a court of law he would be considered to prejudice his case when he says that I have advocated devaluation alone. I said that there were three weapons which the government could use. They have used two of them, or perhaps two and a half, but in my opinion they will have to use the third.

Whether the situation in France will have a chain reaction cannot be known, but I merely say that the thing that started to drive all currencies off the gold standard in 1931 or 1932 was the failure of a comparatively small bank in Austria, the Creditanstalt. That started the chain reaction, which led directly to the bank panic in the United States. I do not say that the devaluation of the French franc will start a chain reaction throughout the currencies of the world, but I do say that when you have currencies artificially pegged at a false parity very much higher than the price at which they are bought and sold in the open market, then you are in an extremely dangerous and unsound economic position and one out of which this country is not likely to get for a considerable period of time.

To throw out the rather nasty innuendo that devaluation would benefit some is, I think, unworthy of the minister. It is the sort of glib gibe we are too prone to expect from him lately. When he looks at the whole picture and gets a more oriented and mature view of the thing I think he will see that the forces which are at work in the world today are much greater than those which can be controlled by his government, by his advisers or by the people in Ottawa. The situation is worldwide. Unfortunately we are in it and cannot get out of it without taking continuous measures to conserve our hard currency. The fact that you call it an emergency and regard it as temporary is simply deluding the Canadian people.

Mr. QUELCH: When the hon. member for York West was speaking I could not help but think it was a pity that he had not a better appreciation of the world situation at the time we were discussing the Bretton Woods agreements. At that time he supported them, but I notice from an article of his which appeared in the *New Liberty* magazine he is advocating that we withdraw from the

international monetary fund. It will be recalled that when we were discussing Bretton Woods we criticized the proposal to value our currency in terms of the United States dollar, having only the right to devalue it by ten per cent. We have since then seen nations of the world being forced to break away from the fund because they could not devalue their currency by more than ten per cent.

As I understand it, the purpose of this measure is to conserve United States dollars. That being the case, I should like to ask the minister why the government has considered it necessary to place prohibitions against imports from the sterling area. I am well aware that under the Geneva trade agreement we have agreed to a policy of non-discrimination, but I realize also that there is an escape clause which permits a nation with an unfavourable balance of trade to place prohibitions against imports from a nation with which it has an imbalance without placing similar restrictions or prohibitions against imports from nations with which it has a favourable balance of trade.

Surely that escape clause was meant to cover exactly the situation that we have today in Canada? We have an imbalance of trade with the United States, while we have a favourable balance of trade with the rest of the world. One of our main difficulties is to get sufficient goods for Canadians to consume without having to use United States dollars. Apparently Great Britain has certain goods which we need and which are available for export to this country. Surely the logical thing is to do everything in our power to encourage imports from the United Kingdom. I know the minister has said that the amount of business covered by this prohibition is small, nevertheless it is a certain amount of business. Why should we discourage importations from the United Kingdom when we have a favourable balance of trade with that country?

Mr. ABBOTT: I have already said why, and I can say it again. Does the hon. gentleman suppose that there is any country in the world which has a greater interest in the principle of non-discrimination than Canada, both because of the volume of our external trade and because of the triangular pattern of that trade?

Mr. QUELCH: That is not satisfactory at all. In that agreement there is an escape clause to deal with the very situation which exists in Canada. We can take advantage of