

By Mr. Macdonnell:

Q. Would you care to expand that a little for us? I was very much interested hearing you say that last night.—A. Why I believe Canada will have a surplus?

Q. Yes.—A. We are thinking of the few years ahead. I suppose that a nation like ourselves, with all the resources Canada has, and a great productive capacity in the things with respect to which the world is very short and wants very badly, is in a better position than any other nation.

By Mr. Michaud:

Q. Barring Russia?—A. Well, that question is really a correction, I have to correct what I said; when I referred to productive capacity, I really should have said surplus productive capacity, in excess of our own requirements.

By Mr. Macdonnell:

Q. I realize fully it is a question of markets, and I was wondering whether or not you would care to say something about that?—A. On the question of markets; the demand is there, the demand on the part of foreign countries for reconstruction purposes, to rehabilitate their economies, and re-establish their standard of living. The problem is a problem of payments. Parliament already at the last session recognized the existence of that problem through voting an appropriation of \$100,000,000 under the Exports Credit Act, and at this session has raised that amount to \$750,000,000. And if parliament approves this proposal then an additional potential credit to finance Canadian exports amounting to the Canadian contribution to the fund will have been made available.

Now, it would not be anticipated that the Canadian dollars put into the fund would be drawn out all at once. In other words, I would not think it would be used to meet long-termed capital requirements or long-termed import requirements of foreign countries, because that is not the purpose of the fund. If the fund operates successfully in conjunction with the international investment bank, then there should be the inherent tendency for the fund's holdings of the currencies of the various member countries not to change too greatly over a long period of time. There should not be a tendency for the currency of the creditor countries to be gradually and continuously seeping out of the fund. But it has to be recognized that the conditions at the time the fund will begin to operate are most unusual. Countries are likely to have recourse to the fund, initially, for purposes other than meeting purely temporary fluctuations in balances of payments, so that there may be in fact some tendency along the lines that I have just indicated. The extent of that tendency I think it is impossible to measure, to estimate; but to whatever extent that tendency does operate that will represent a further addition to the amount of credit that Canada will have extended to foreign countries to finance their purchases here. And then, finally, there is the more limited amount of credit that would be made available to foreign countries in the operation of the international investment bank which the committee will be discussing later.

MR. MACDONNELL: Thank you.

By Mr. Stewart:

Q. From what the witness has said it would appear that we should not be going back to any gold standard at all, but I was just wondering whether it is possible that we may be hooked upon the talons of the double eagle; in other words, would Bretton Woods make us more susceptible to the influence of American economy than would be the case otherwise?—A. Shall I deal with that question before the others, Mr. Chairman? That is a very funda-