—it could apply to the International Monetary Fund for approval of a change in the rate of exchange from that set by the fund, and any such application could be granted or rejected.

At the moment these details are not very important. But honourable senators will recall that complementary to the establishment of the International Monetary Fund there was another great effort made, at the Geneva Conference, to get the wheels of international trade moving. At that gathering, despite a good many restrictions of one kind and another, there was worked out a system of tariff reductions, through which we received conceivably important concessions in the American market. The general agreement on tariffs and trade reached at the Geneva Conference set up the International Monetary Fund as the regulating body in matters of foreign exchange. It must be quite obvious to honourable senators that if Canada or the United States or any other great trading country reduced its tariffs in favour of another country to a degree greater than that which could be made without the consent of the International Monetary Fund, the question would at once arise whether the benefits so created in favour of any country would not be immediately nullified in the event of a severe currency depreciation. So it was part and parcel of the agreement with regard to reduction of tariffs that there should be control of exchange within certain limits; and, as I said a moment ago, the International Monetary Fund was set up as the regulating body. Now, it is possible to become a party to the tariff agreement without being a member of the monetary fund, but in such case article XV, section 6, of the tariff agreement says that a party not a member of the monetary fund must enter into special foreign exchange agreements with any party with which it wishes to contract. The same section further provides that any signatory to the tariff agreement who ceases to be a member of the monetary fund shall immediately enter into foreign exchange agreements with any parties it contracts with. These exchange agreements must set a rate of exchange for the currencies involved. Once this rate is set and the exchange agreement concluded, section 6(b) of Article II of the tariff agreement becomes operative. It provides that once such an agreement is made to set the rate of exchange between currencies, then any changes in such rate of exchange shall be governed by the same rules that apply to changes in the rates of exchange of members of the monetary fund. Thus, once the exchange rates are set by agreement, the parties are, for all practical purposes, members of the monetary fund, with the one important exception that they have no voice in the regulation of the fund.

In other words, honourable senators, should we elect to withdraw from the International Monetary Fund, and at the same time wish to enjoy certain advantages in the United States market, it is quite within the power of the fund to require us to act in the same way as if we were members. Of course if we choose to play the part of the lone wolf, and be entirely indifferent to tariff regulations of other countries, that would be a different matter.

Hon. Mr. Farris: May I ask if the International Monetary Fund consented to the reduction by 10 per cent of the Canadian dollar?

Hon. Mr. Robertson: No consent is required for a devaluation of 10 per cent. Of course the devaluation of British currency by 30 per cent obviously requires consent.

Hon. Mr. Euler: Did the fund consent to the reduction of 30 per cent in the case of the British currency?

Hon. Mr. Robertson: Yes, it consented. Indeed, in the report of the fund, issued a few days previous to the devaluation it urged Great Britain to devalue. I do not say that she was urged to devalue by 30 per cent, but she was certainly requested to devalue to some extent. Inasmuch as the request was made, I fancy that the directors had been considering the case for some time, and consent was quickly given.

Hon. Mr. Euler: Was the procedure the same with regard to the other countries which devalued their currencies much more than 10 per cent?

Hon. Mr. Haig: If they belonged to the fund, the procedure would be the same.

Hon. Mr. Robertson: Yes; they all asked for authority.

Hon. Mr. Euler: For instance, Argentina's currency went down 40 per cent.

Hon. Mr. Robertson: I do not know that she was a member of the International Monetary Fund. I am not sufficiently versed in the law in that respect to know all the intricacies of the agreements and regulations surrounding the fund.

I have been interested in one point for which I have not been able to find the complete answer. It is this: If Britain asked for and obtained the consent of the fund to devalue her pound by 30 per cent, and her exports to the United States were substantially increased, would the fact that the fund