

ruble with the idea, I am sure, of establishing the ruble at the top currency of all their satellite states, and Moscow is the final depository for the reserves of these satellite states. There is no doubt at all that the Soviet has studied the history of the British pound over the past century. The Russians are good imitators, and they are endeavouring to raise the prestige of the ruble so as to make it a strong trading unit throughout their sphere of influence—which, of course, is their privilege—just as the British did with the pound sterling centuries ago. Barter deals with dictator states simply strengthen the ruble because the Russians do not take anything from the free world except what they need. They have little desire to confer mutual benefits on the other nations as far as trade itself goes.

One may find Russian salmon on sale in the stores of Great Britain. The same is true of Australia and other parts of the Empire. This is simply because Russia recognizes the pound sterling and trades in it. We have an enormous surplus of salmon on our Pacific Coast, so why should any part of the British Empire have to buy salmon from a dictator state? This kind of trading is simply building up states behind the Iron Curtain and making the Russian ruble stronger. The free world, of course, needs a dollar of high prestige, but it also needs a strong pound sterling. We in Canada should seize every opportunity to strengthen the British sterling, and if we pass up reasonable opportunities to support the pound we are going to regret it in days to come.

Some Hon. Senators: Hear, hear.

Hon. Norman P. Lambert: Honourable senators, I do not intend to detain the house, but I do think a word of comment should be offered in reply to the observations made by my worthy friend the honourable senator from Southern New Brunswick (Hon. Mr. McLean).

First of all, there is no disposition that I know of on the part of any official of the Bank of Canada, the Department of Finance or the Department of Trade and Commerce to discourage trade with Great Britain under present conditions. Furthermore, I do not believe there is any dearth of the pound sterling in this country should anyone wish to use it. The great difficulty is that Britain herself has been forced by circumstances to reduce to a minimum all imports from countries in the dollar area. This is a decision for Britain alone to make, and I do not think there is anything Canada can do, beyond the innumerable conferences held at London and elsewhere, to try to bring about a closer

approximation between the dollar and the pound sterling in relation to trade.

On Wednesday I listened with a great deal of interest to a speech delivered to the Canadian Club of Ottawa by the Right Honourable Mr. Menzies, Prime Minister of Australia. Speaking not as an economist but as a common-sense statesman, he made it quite clear that all this trouble about the relationship of the pound sterling to the dollar is secondary to the question of trade. He said he wished to see a conference called between the members of the British Commonwealth of Nations. In this connection he did not suggest some imaginative solution to bring the units of currency closer together, but he stressed the need for normal trade of goods between one country and another.

The situation which has developed between the United Kingdom, Canada and the United States in connection with the financial and industrial position of Great Britain is directly traceable to the unfortunate and tragic consequences of the war. The United Kingdom, along with countries from the dollar area was a signatory of the United Nations Charter, which provided for multilateral trade through the treaties of the International Trade Organization. These treaties were attested to by the British just as they were by ourselves. But when the Labour government came into power in Britain it immediately adopted a policy of completely isolating itself from contact with the other signatories to the great idea of the International Trade Organization. At the same time Britain adopted a policy in connection with the so-called sterling block—which incidentally represented far more of the world's population than the dollar area—but she did not have the means to start re-establishing her economies in a natural and normal way. Consequently she has been faced with the stupendous task of working her way out of her unfortunate situation by applying her labour and scientific capacities in the same way that Germany did following World War I. It is true that Germany repudiated her indebtedness and then went to work and reestablished her trade with the world. It seems to me that unless something happens in Britain to bring about a larger production of goods and a greater measure of trade with other countries, the pound sterling will not become any more valuable than it is now, and may become worth a lot less.

Hon. Mr. Haig: Hear, hear.

Hon. Mr. Lambert: I cannot but feel that my honourable friend from Southern New Brunswick (Hon. Mr. McLean), with his intimate knowledge of the currency problem and