

other words, if the organization felt that a very serious sanction should be brought on country A, they might request various other countries to withdraw their concessions.

Hon. Mr. TURGEON: You have said they might request. Is there any authority for them to order?

Mr. DEUTSCH: To order the withdrawal of concessions?

Hon. Mr. TURGEON: Yes.

Mr. DEUTSCH: It is assumed that the countries which are harmed by the action of another country will be willing to carry out the sanctions on their own account. If they are not harmed there is not much damage done and nobody cares very much. The sanctions of this body are all indirect, in this sense, that they may permit other countries to withdraw concessions from the countries that are offending. That is the general principle of the sanctions of this whole organization. I may say that certain conditions have to be met before these exceptions can be used. In other words, a country must demonstrate that its balance of payments is in difficulties.

Hon. Mr. HAIG: Let me give you a hypothetical case. We are in difficulties with our American exchange, and our government will not permit the export to the United States of certain products that that country wants to buy. Could your body compel our country to allow our products to go to the United States?

Mr. DEUTSCH: No, senator, it could not compel.

Hon. Mr. HAIG: Could it apply sanctions in any way?

Mr. DEUTSCH: No, senator. I think I should explain this point. The charter goes on to say that a country should not be required to change its domestic policies, its internal social or economic policies. In other words, this organization cannot say to any country, "We think that your social and economic policies are wrong, and if you would change those policies, you would not be in trouble". It can say that to a country, of course, because it can discuss anything with a country, but it cannot compel any country to change its social and economic policies.

Hon. Mr. TURGEON: Has it any authority with respect to depreciation of currency?

Mr. DEUTSCH: No, sir.

Hon. Mr. TURGEON: Was that a subject of discussion in your consultation?

Mr. DEUTSCH: Yes. Naturally at times the effect of currency depression and so on came up for discussion, but this whole field of currency and exchange is covered by the International Monetary Fund, and rules are laid down in the International Monetary Fund Agreement concerning the maintenance of exchange rates and so forth. This body does not deal with that subject.

Hon. Mr. TURGEON: In your agreement you refer, do you not, to certain provisions of the International Monetary Fund?

Mr. DEUTSCH: Yes.

Hon. Mr. TURGEON: Making them more or less obligatory?

Mr. DEUTSCH: Yes. I might say it is recommended that all countries that are going to sign this agreement should also be members of the International Monetary Fund, and if they are not members of that fund they have to sign an agreement similar to the International Monetary Fund Agreement. The whole business of exchange depreciation is covered by the International Monetary Fund and therefore is not dealt with here.

May I deal further with the question that was asked before? This body cannot compel any member to change its social and economic policies. Of course, it can discuss these policies with any country, if it wants to; it can