

Q. Just as soon as confidence was shaken in the security market, then the natural logical result would be the withdrawal of loans all over the country, which would cause a gathering in of capital or deflation. Would that be a logical conclusion?—A. Yes, that is what happened.

Q. And this would bring on immediately unemployment and the fall of prices and all the troubles incident to the depression. That would be a logical conclusion, would it not?—A. Not immediately. It was a fairly lengthy process.

Q. The question which arises in connection with this Bretton Woods agreement to my mind is this. If Bretton Woods could show any sign whatsoever of any means whereby that series of events could be cushioned or prevented from recurring, then we might hope to find in Bretton Woods something like a palliative at least which might lessen the shock of the coming depression.

Mr. BRADETTE: We would have to try it first.

The CHAIRMAN: Let us not get into an argument.

Mr. BLACKMORE: The point is this, as I see it. I want to get this point. It is very important because I am concerned about the doing away with war; and the fact that the minister mentioned this in his opening speech indicates that his mind was on that too when he was approaching Bretton Woods. If this is the reason for passing Bretton Woods, then it is of great importance to show that Bretton Woods simply cannot possibly do the thing the minister said it would likely do. I cannot see anything in Bretton Woods that would tend to prevent any one of those five contributing factors from recurring. Can Mr. Mackintosh?

The WITNESS: Well, may I say this. The Bretton Woods agreements are not directed nor do they consist of instruments directed to the reduction of trade barriers in the ordinary sense of tariffs, quotas and so on. As you are aware, the United States government has brought forward proposals for a further conference on trade barriers supposed to be I think conceived by the United States government as another piece in a pattern of international institutions to meet these problems. The Bretton Woods proposals do meet some of the steps which you have enumerated, in that they do supply or make provision for a certain amount of international capital; the direction in which and the rate at which they spend it is under the control of an international organization and not of any particular national government. They provide for countries faced with a sudden drain of foreign exchange a source to which they can turn for resources with which to meet that adverse balance; and there are other features in addition, in these agreements which are put forward in the light of the problems which confronted the world in the preceding decade or more.

Mr. COLDWELL: Mr. Chairman, it is 10.30.

*By Mr. Blackmore:*

Q. Would it be a correct assumption that when prices fell in the United States there would be a very strong tendency for United States goods to go into the markets, say, of Britain, France, Holland and other countries and displace their own goods and throw their own people on the unemployment rolls? That would be a logical conclusion, would it not?—A. Yes, if you assume that prices fell first there. I had thought you had suggested that a drop in United States imports had preceded the onset of depression.

Q. No, a drop in United States exports.

Mr. STEWART: Mr. Chairman, will you permit me one question just here?

The CHAIRMAN: Yes.

Mr. STEWART: It is in connection with this document which was handed out to us, the percentage distribution of quotas and voting strengths. There