

Bank of Canada Act

the bill went through all stages that afternoon in record time.

Later I checked the speeches made in the house in 1946 and 1947 by Social Credit members at the time that the Bretton Woods agreement was under discussion and the International Monetary Fund was being established. They made very interesting reading because many things said at that time have since proven to be prophetic. The International Monetary Fund has not been the cure-all for the international problems of the world. From abroad we hear a great deal about the need to reform the International Monetary Fund. An article some months ago in the *Economist* by Norman Macrae was critical of the International Monetary Fund and of the role it plays, along with other lending agencies, in providing assistance to underdeveloped countries.

The greatest problem of assistance to underdeveloped countries is always the one of the interest rate on the money that is lent to them, and the fact that by the time they have used the funds lent to them they are poorer than ever because they have to meet the interest payments, and because of the restrictions originally placed on aid. Certainly the International Monetary Fund is involved in this.

Even stranger was the recent report in the *Toronto Globe and Mail* regarding the United Arab Republic being behind in its payments to the International Monetary Fund. I quote the article:

The United Arab Republic has not paid an \$8 million debt overdue to the International Monetary Fund, a spokesman for the 103-nation organization said yesterday.

The matter is under discussion with the government of President Gamal Abdel Nasser, the spokesman said.

He refused to speculate on whether the lack of payment was due to a shortage of Egyptian funds or other reasons, or to discuss further details of the debt. In all, it is understood the U.A.R. owes more than \$100 million in the fund.

Yet we know, Mr. Chairman, that the United Arab Republic has for some years been carrying on a miserable little war in another country in the Arabian peninsula, a war which has been accelerating lately and has taken on an ominous aspect in the means of conducting it. I have sat in this house week after week expecting hon. members particularly from the New Democratic Party, who so often rise to their feet on the question of Viet Nam, to ask something about this particularly miserable little war where one country is clearly involved in the internal

[Mr. Johnston.]

problems of another, but they have said nothing about it.

It was with some concern a week or so ago that I read an article in the *Globe and Mail* which suggested that the International Monetary Fund is in effect assisting in the financing of this war.

We Canadians are part of that fund, and we seem to adopt two postures toward it. When our government feels it is time to initiate a policy of tight money we are told that we float like a chip on the sea of international finance, that money is tight all around and that we can really do little about it except go along with the situation as it is. But at other times we take great pride in being a member of the "Big Ten", as they are called, and from that one would assume we had some international financial power in today's world.

I agree most heartily with the remarks made yesterday by the hon member for Nanaimo-Cowichan-The Islands, made very briefly in his usual gentle manner, suggesting that the International Monetary Fund through its Canadian representative could provide us with a little more information as to what is actually going on in the monetary and financial field. We know that there is much speculation and that plans are under foot to initiate new methods of coping with the shortage of liquidity in today's world. These plans can affect this country greatly. We know there is a major conflict between countries which would like to return to the gold standard and those that would like to break farther away from it. There are completely opposite directions in which this country can go in that regard.

I think too that most Canadians are becoming increasingly disturbed by the suggestion that an increase in the price of gold is inevitable, that in effect a devaluation of the American dollar is inevitable, and that the methods being suggested to cope with the problems will not be sufficient or will not be sufficiently attractive to prevent a return to the older method of financing in the international field. This comes at a time when Canada's gold industry is almost at its last gasp. I am sure most hon. members have received information on their desks during the last few weeks regarding this industry and the low state to which it has fallen. This comes also at a time when the entire western world is increasingly dependent upon the gold of South Africa, and it happens just at a time when South Africa is becoming more and more isolated from the rest of the world, at a