cellor of the Exchequer of the United Kingdom, and which has been followed by announcements from other capitals.

As the chancellor has said, the United States and Canadian representatives to the tripartite discussions in Washington were informed at the outset of the ministerial talks that the government of the United Kingdom had taken the decision to devalue the pound sterling. However, at that time the United Kingdom government had not yet decided what the extent of the devaluation would be. The proposed new parity of the pound sterling was communicated to us in a message from Mr. Attlee to the Prime Minister on Friday.

The government had immediately to consider Canadian policy in the light of this development. It was clearly not possible to give full consideration to this matter until we had more knowledge of how many, and what countries, would follow the action taken by the United Kingdom and the extent of the exchange rate adjustment, if any, that they would put into effect. We felt it desirable to await the more complete information which would be available during the course of today. Consequently, I issued the following statement last evening:

> In view of the decision reached by the United Kingdom government, to devalue the pound sterling by 30 per cent, and of similar action which has already been taken by a number of other countries, the government of Canada has instructed the chairman of the Foreign Exchange Control Board to advise all authorized dealers and agents of the board not to deal in foreign exchange in Canada until the rates effective as from the opening of business Tuesday, September 20, are communicated to them by the board.

Before I go on to inform hon. members of the decision of the Canadian government, I should like to say a word of comment in regard to the British action itself. For some time it has been clear that a fairly radical re-alignment of some currencies was a necessary element in the readjustments required to balance international trade. The decision, however, was one which the countries concerned had themselves to take. The action which the United Kingdom has now taken constitutes a courageous and positive effort by the British people to do their part in the common endeavours that are necessary to provide the basis for a real and enduring recovery of world trade.

Since the end of the war we have been confronted with repeated dollar crises, each threatening to produce a breakdown in the economic relations between the democracies of the western world. These crises had their origin in the widespread economic dislocations and heavy losses caused by the war. Hon. members are familiar with the co-operative measures taken in the past to deal with these difficulties. First, there was the work of relief undertaken by UNRRA and the military authorities; then we had the establishment of the two international monetary institutions at Bretton Woods; this was followed by the extension of large loans and credits by the United States and Canada to the United Kingdom and other European countries. Finally there was the adoption of the Marshall plan, which has provided further substantial financial help from the United States. These measures have been highly successful not only in averting the incalculable consequences of economic and political collapse, but have been essential elements in the successive stages of physical reconstruction. With the help of these measures the peoples of western Europe have been able to perform the remarkable feat of repairing, in a few short years, the physical ravages of the most destructive war in history.

Although physical production has been largely restored, we have continued to face a most serious unbalance in world trade. The so-called dollar shortage has continued to get worse and has become all but universal. How to overcome the widening disequilibrium between the dollar and non-dollar world was the central task of the Washington discussions. Each of the participants was keenly and deeply aware of the consequences of failure. Unless the trend could be reversed the free world would, through the force of events, divide itself into two economic blocs. With this division there could not be a sound or lasting basis for political co-operation and security.

The problem was approached in the realization that these great issues were at stake. The atmosphere of co-operation and understanding in which the discussions proceeded could not have been better. Each side was prepared to re-examine its policies in the light of the adjustments that are required. The United Kingdom, the sterling area, and other non-dollar countries had to find ways and new incentives by which their dollar earnings could be quickly and substantially expanded. The dollar countries on the other hand would have to follow policies which would enable that expansion in dollar earnings to take place; and wherever possible undertake the removal of obstacles which stand in the way. The decisions taken by the government of the United Kingdom to achieve this common purpose were announced yesterday by the Chancellor of the Exchequer. The courses of action adopted by the dollar countries are clearly set forth in the communiqué issued at the conclusion of the Washington talks. Hon. members will agree