

country may be able to depreciate its currency value more than 10 per cent if they get that permission, but without that permission they cannot?—A. Well, sir, I think that I had better run over the clauses again, because I am afraid I failed to make that clear.

Mr. BREITHAUP: Would that not be a repetition? I mean, after all, it is on the record.

The WITNESS: Perhaps, if the committee does not mind, I might run over the whole thing.

Mr. IRVINE: It is on the record.

Mr. COLDWELL: It might not do any harm if you were to run over it again.

The WITNESS: I might make this short reply to Mr. Low; that if in the question he has put he substitutes for his phrase "with the permission of the fund" the phrase "after consultation with the fund", then the reply to his question will be, yes. If the question remains in its present form then the reply to the question is, no.

*By Mr. Blackmore:*

Q. What is the difference between those two?—A. Between "permission" and "consultation"?

Q. Yes. You mean that they can go ahead if they merely consulted the fund?—A. I have already explained the consequences in some detail, I think—the exact position as regards the consequences that might follow from an unauthorized change in the par value of a currency.

Mr. BLACKMORE: If the consequences are sufficiently severe, then it amounts to a prohibitive prohibition, does it not?

The WITNESS: If the consequences are sufficiently severe, then the country would naturally take into consideration the severity of the consequences of such action. But it seems to me that if you are maintaining that "after consultation with" is of equivalent effect to "with permission of" then it is necessary for you to demonstrate that the consequences of a country making an unauthorized change in its exchange rates are indeed sufficiently severe as to make such action in effect an action that is impossible for the country to undertake; and that has certainly not been demonstrated.

Mr. BLACKMORE: The opposite has certainly not been demonstrated at all, Mr. Chairman. This is one of the things that I think is very, very hazy to every member; at least it is to me. I have reference to just what would be the consequences of disobedience to the advice, we will say, of the fund.

Mr. COLDWELL: Is it a case of disobedience, Mr. Blackmore? Is it not rather a case where member nations agree that, in their general interests, they will lay down a rule, and if a nation wants to vary that rule to some extent it consults the representatives of the other nations involved, who would be affected; and then if it refuses to abide by the rules which they have laid down in the general interest of the world, then of course the nation takes the consequences. But that is not the same thing as interfering with its sovereignty by any means.

Mr. JAENICKE: It can withdraw from the fund.

Mr. Low: That brings up the very next question.

*By Mr. Low:*

Q. Mr. Rasminsky, just what happens when a member withdraws? Suppose that the 44 nations who signed the agreement at Bretton Woods ratify in their parliaments. What would be the effect, let us say, of Canada withdrawing from the fund as a result of not being willing to abide by the advice, if you say that, or the objection as outlined in article IV, section 5, subsection (ii) on page 21?—A. I would say in general that the consequences of a member withdrawing were