

ing goods and services. They do not care how many grains of gold their money buys; what they are interested in is the amount of goods and services which it will obtain. Therefore, undoubtedly, the correct basis of money is goods and not gold.

My next criticism of the final act of the agreement is that it seriously jeopardizes the good will that exists between the members of the British commonwealth of nations. Section 1 of article XI provides that members of the fund shall institute a boycott or blockade against non-member nations.

Fortunately public opinion in Britain is being aroused against the dangers of the Bretton Woods agreement and there is every likelihood that Britain will refuse to become a member and will revive the sterling group; or, if she did join, and later in order to avoid bankruptcy applied for permission to devalue sterling and was refused, yet persisted, she would be forced to withdraw. If that happened, what would happen in Canada, Australia, New Zealand and South Africa. Under the terms of the agreement we should be forced to place a blockade or boycott against Britain.

If the people who drew up the final act of the Bretton Woods agreement had in mind the destruction of the British empire they could not have provided better means of bringing that about, because either this would destroy the British empire, or, on the other hand, the British empire as a whole would have to withdraw—and I hope that is what would be done. I am amazed that the representatives of any government in any of the dominions would agree to article XI, which deals with this matter, because that provision was not in the Keynes plan or the White plan or the Canadian plan. It is a new clause which was introduced at the last minute.

An hon. MEMBER: Who by?

Mr. QUELCH: Somebody asked "Who by?" I do not know who was responsible for it. I doubt very much if he would like to have his name disclosed.

Mr. BLACKMORE: Certain traitors, I guess.

Mr. QUELCH: To my mind the Bretton Woods agreement would certainly destroy all chance of a new social order. It would be bound to create international friction. Some people will argue that it will be changed; but when it is so obvious that it is bound to cause international friction why pass it in the first place?

My final criticism is that this proposed economic policy will mean an end to national sovereignty. And in that regard I should like

[Mr. Quelch.]

to quote from a statement made by Mr. P. C. Armstrong in the *Labour Gazette*. This is what he says:

Something will come out of these studies, but it must be clear that they involve a considerable degree of surrender of each country's control of its own economy to some central body. Obviously, no country can hope to engage in that sort of extravagance, in internal policies, which leads to its currency falling in the markets of the world and expect any system of stabilizing currencies to protect it against this result. Therefore, international currency control means control of national budgets by an international body, and I suggest that we shall see nothing very drastic or successful in the way of a system of international currency control in the immediate post-war period.

We hope he is right. In the reports of the presidents of the chartered banks we note statements to the effect that we must be prepared to give up a certain degree of our sovereignty in order to put this scheme into operation. As I said before I would be prepared to surrender a small degree of sovereignty as it becomes necessary when you cooperate with other nations, but I would not be prepared to surrender sovereignty to the degree necessary to give away control of our internal policy as undoubtedly envisaged in the final act of the Bretton Woods agreement.

May I just quote from a statement by Sir Charles Morgan-Webb showing what the effect of the final act of the Bretton Woods agreement will be on England. I made the charge that it will undoubtedly destroy good will between members of the British commonwealth of nations. I think this statement of Sir Charles Morgan-Webb shows to what extent it will handicap England. It is a pamphlet entitled "Post-War International Purchasing Power". I quote the following:

The linking of the war debts of the first world war to the capricious medium of gold inevitably made them unpayable. The linking of the present overseas cash debts owing by Britain to gold, as proposed at Bretton Woods, will transform them from an obligation to redeem them in exports into an unpayable obligation to redeem them in gold. As they stand, they are payable in British exports. Transformed into gold obligations, they will fulfil the expectations of American high finance, and drive Britain into default.

If that happened she would likely withdraw from the organization, and we would be in a position where we would have to place a blockade against her.

As I mentioned a little while ago the Prime Minister referred to mutual aid and lend-lease as part of the programme of the new social order; and I am of the opinion that those measures should be continued after the