

*Finance*

pay the interest on our debt are only beginning. If we borrow money to pay the interest, how will we pay the debt itself and how will we manage to get out of the hole? We will never avoid this horrendous calamity, this fearful chaos created by heartless men who think only of making profits and keeping their control over people and countries, complete control and monopoly, in the hands of a few individuals at the expense of the masses. This is brought about by the Bretton Woods agreements, and there is much to be said about the agreements signed in the past and about the activities of this bank. I have here a whole bundle of documents I could read, but I think many hon. members have read them and I will spare the house all the details, so tedious and complex that many would fail to grasp their meaning.

Mr. Speaker, before I conclude my remarks, I would like to ask the government of Canada to introduce a resolution to the effect that the International Bank, under the Bretton Woods agreements, issue credits according to the needs and the potential of each country, at administration cost. If we do that, we will do something for some countries and enable them to develop in a normal way, according to the facts and their real potential.

• (5:40 p.m.)

[*English*]

**Mr. Deputy Speaker:** I must inform the hon. parliamentary secretary that if he speaks now he will close the debate.

**Mr. H. E. Gray (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, I should like to thank hon. members of the house who have participated in this debate on second reading for their very interesting contributions to our discussion of this bill to permit Canada to participate in the special drawing rights scheme. A number of points have been raised. I think that hon. members will agree that the most appropriate place to pursue them in greater detail will be in the finance committee of the House of Commons. However, I might attempt to deal very briefly with one or two of the points raised by hon. members.

With respect to the question posed to me by the hon. member for Edmonton West (Mr. Lambert), I am informed that S.D.R.'s can be used by a holder without condition but it is provided that holders are not to use all their S.D.R.'s as they get them and not replace them. There will be a rule that they should

[Mr. Latulippe.]

hold minimum balances over five year periods on average amounting to 30 per cent of the S.D.R.'s which a country has received. This rule will be able to be changed on the basis of experience in the operation of the scheme.

The bulk of S.D.R.'s received can be used permanently if needed, and this is unlike the method of access to the present International Monetary Fund resources. It would be contemplated, that member countries would distinguish between gold currencies and S.D.R.'s in their reserves.

The hon. member for York South (Mr. Lewis) spoke about the question of an upper limit on international reserves. He may well be pleased to note that, as I am informed, there is no upper limit on the number of amount of S.D.R.'s that can be created. More can be created at any time by the International Monetary Fund under this amendment to the I.M.F. agreement, which this bill will help put into effect in so far as Canada is concerned. This, can be done when there is a collective judgment by International Monetary Fund members that more reserves are needed.

It is true that the normal practice will be for decisions about changes in the amounts of S.D.R.'s to be taken at five year intervals and implemented annually. As I said, decisions may be for shorter periods and the fund will have the authority to take a new decision at any time. Therefore, contrary to what I understand to have been suggested to the hon. member for York South, there will be no upper limit on the amount or number of S.D.R.'s that can be created and therefore I submit they will be able to play quite an effective role in the development of the International Monetary System.

Again, I suggest to hon. members that we pursue these more detailed questions when this bill is before the standing committee of this house on finance, trade and economic affairs. At that time we will have with us as witnesses officials of the Department of Finance and it may well be that the committee will want to consider calling others, as well. I am sure that in line with the traditions of the finance committee our deliberations will be considered useful for all concerned.

Therefore, Mr. Speaker, I conclude by again urging this house to adopt the second reading of this very important bill.

Motion agreed to, bill read a second time and referred to the standing committee on finance, trade and economic affairs.