

What I am saying is that the first practical step which Canada has taken is in the method of insuring any of these creditors and foreign countries, where you have a weak currency situation, or an uncertain political situation. Do you think more can be done by the Government of Canada agreeing to accept foreign currency, than they can by insuring in this way, and if so, what happens when they do get this foreign currency?

The CHAIRMAN: May I answer that, Senator Campbell?

Hon. Mr. CAMPBELL: I would rather the Witness would answer it, Mr. Chairman. After all, the International Chamber of Commerce has been studying these questions.

Mr. NELLES: Mr. Chairman, actually, while we do not come down to specific situations, the policy of the Chamber has been to try and draft practical rules and Codes of conduct for use by governments, in the hope that such situations would be straightened out. That is the reason for this Code of Fair Treatment for Foreign Investments. If the governments would adopt the Code and follow it to the letter, some of these difficult problems would be solved. But I do not think the Chamber of Commerce, nor any other organization, can foresee all the possibilities of what you might call "unmoral conduct" on the part of foreign nations. You cannot safeguard against all contingencies. But if the governments would adopt such Codes, and follow them through, we would not get into some of the difficulties in which we find ourselves today.

I might add a word to Senator Campbell's remark about tariffs and about shipping from the Far East. The Chamber has never suggested all tariffs should be withdrawn at one fell swoop, but trade must be liberalized progressively through governmental action and by carrying out their agreements in good faith. Certainly we have all kinds of standards of living in the world which affect our own industries, but primarily the Committee considered within its Terms of Reference the NATO countries.

We have been working largely with the countries of the western world in mind, and it has always been a problem, and will be for some time, that the low standard of living—in Japan and China—may force us to maintain a certain protection until their standard of living has come up somewhat closer to ours.

But the liberalization of trade and the institution of arrangements for converting funds are inter-dependent, and if these are carried out by governmental action with good will, and following the rules to which they agree, these things would be much nearer solution.

The United States has subscribed to this—at least it has not been officially adopted by the Senate—to this agreement on tariff and trade, but, nevertheless, the United States has been operating under it, but because of certain pressures in the United States, the rules have not been followed in the United States. There is nothing the Chamber, nor any other organization can do to force the American government to act in perhaps a better manner in respect to these obligations.

Hon. Mr. BURCHILL: We are interested in that question, too. I am thinking of our trade relations with Great Britain, particularly; I mean, our governmental trade relations. The Canadian Government loaned Great Britain a certain amount of Canadian currency for goods to be purchased in Canada. By arrangement the U.K. Government makes payments on that in Canadian dollars at the present time?

The CHAIRMAN: Yes, I understand they do.

Hon. Mr. BURCHILL: I thought of that in this way; I am just theorizing, but if the Canadian Government was willing to accept British currency—