of economics at Princeton. I quote this to show that it is not merely my ideas on this matter that I am putting forward. I have a considerable amount of expert opinion behind me. This is what Professor Viner says concerning the international monetary fund:

The means for dealing with economic problems must be adjusted to new conditions. Otherwise the economy breaks down. That does not require a change in objectives; but it does require a change in techniques. The gold standard was fundamentally a means of securing a common international monetary policy. With the more rigid structure of the present industrial economy, the gold standard can no longer perform this function.

The international monetary fund could, and should be made to operate, within the limits of its resources, as a cycle-dampening agency. If it operated in accord with what I interpret as the spirit and even the letter of its charter, strictly as an exchange stabilization fund, such would be the natural result of its financial operations. But if newspaper reports have any basis, the managers of the fund are impatient to begin credit operations.

A sinister implication with respect to the use of the monetary fund.

At this time price controls, rationing, subsidies, black markets, import and export controls, and direct governmental trade operations are almost everywhere either substituting for or distorting the traditional role of free-market prices as regulators of economic values. At this time every exchange rate in the world has a questionable and indeterminable relationship to the lasting values under free exchange market conditions of the currencies involved. At such a time there is little obvious value in stabilizing the existing more or less arbitrary exchange rates. At such a time there is no technique, except patience and trial and error, for ascertaining what levels of exchange rates would be deserving of stabilization. If the monetary fund authorities nevertheless embark upon active operations without waiting for less unsettled and less transitory conditions, the fund will inevitably operate as a reconstruction agency, or as a relief agency, instead of as an exchange stabilization agency. Once the time arrives when exchange stabilization proper. will be feasible and urgent, the fund will have a till empty of the currencies then in demand and choked with the currencies in over supply in the foreign exchange markets of the world.

By that he means, Mr. Speaker, that if the monetary fund continues as a relief agency, which apparently is what it may do, the hard currencies, those which it is possible to transfer into gold, will be used up by the devastated soft currency countries until eventually the fund will find itself full of nothing but soft currency for which there is no use. I say "no use," Mr. Speaker, and I mean no use. The only way currency stabilization can ever be put into effect is by allowing a free exchange. I do not suggest that within a period of many years we shall be able to go back to a fixed gold standard. But we should use the gold we have to assist our own economy. We should use it by allowing our citizens to have it and by allowing it to be used as a trading asset instead of selling it at $35 an ounce when we know it is worth a great deal more than that, and selling it to a country to whom we are going in the red to the extent of $600 or $700 million a year. We are selling it, at a price far below the world price, to the United States, who will use it as one of her great assets in the time to come. I say that we need every ounce of gold that we can possibly produce in Canada. The function of the government should be to see that the gold industry is encouraged in every possible way. What are we doing now? The gold industry is being quietly strangled, and the statement made by the Minister of Finance today will do practically nothing to stop it.

In conclusion, Mr. Speaker, I wish to make these last points. First, Canada is in an extremely vulnerable position with regard to her international exchange. Second, the controlled exchange rates now in force throughout the world are almost entirely fictitious. Third point, in view of Professor Viner's statement, it is improbable that the international monetary fund can operate as a currency stabilizer under the present rates of exchange. Fourth, bankruptcy is inevitable at the present exchange rates, which cannot be maintained. Fifth, the only way which has ever been found of bringing about a free exchange is to allow a free market for gold. Canada is in an extremely favourable condition in this regard. We are a great trading nation in our own right. We are today probably the greatest per capita trading nation in the world. The use of gold as an asset in the hands of our traders abroad would be of inestimable value.

Finally, we have an opportunity to push back our northern frontier. I do not know what gold is worth in the open market today, and nobody knows. It is selling at $80 an ounce in some places and $60 in others, and reasonable transactions are taking place. On the bullion markets of the United States it is $41 and $42. Nobody can say what the true value of gold is today, at least in terms of the Canadian dollar or the American dollar. I do say, though, that the value is certainly a great deal higher than the $35 Canadian which we are being paid for it. If gold is increased in value, in relation to the Canadian dollar, to anything like the rates currently in effect throughout the world, you will see not only $200 million, but $300, $400 or $500 million worth of gold produced in Canada annually. We have the possibility of entirely