Q. Without getting you into any trouble, am I right in assuming that if the Bretton Woods agreement is ratified by the end of this month the present rate of exchange will be accepted as the Canadian rate?—A. Accepted by whom?

Q. Accepted by the fund.—A. If parliament ratifies this agreement and Canada adheres to the fund, then the procedure is as follows. The government will be asked some time in the future, shortly before the fund is actually in a position to start exchange operations, to communicate to the fund what the value of the Canadian dollar was sixty days before the fund came into existence. The latest date the fund could come into existence is the end of this year, and it certainly will not come into existence much before the end of this year. So, soon after the fund comes into existence at the end of this year the Canadian government will be asked to communicate the par value of the Canadian dollar based on the actual rate of exchange prevailing on November 1, 1945; which, as you say, is 10 per cent premium on American funds. This rate will become Canada's par value in the fund, unless as set out in section 4 (*b*) of article XX, "(i) the member notifies the fund that it regards the par value as unsatisfactory, or (ii) the fund notifies the member that in its openion the par value cannot be maintained without causing recourse to the fund on the part of that member or others on a scale prejudicial to the fund and to members." And, if such notification is made, if the fund and the member do not agree, then it becomes a matter of negotiation and discussion between the member and the fund.

By Mr. Irvine:

Q. Mr. Chairman, I would like to ask one more question; apparently the Bretton Woods agreement is making an attempt to stabilize the disparity of exchange as between one country and another; would it not have been possible to have stabilized parity?—A. The question of the value of the Canadian dollar is a matter of Canadian government policy. If it were the policy of the Canadian government to have a different value for the Canadian dollar than the existing value it would be open to the Canadian government to change the value of its currency. That has no direct connection with the Bretton Woods agreement.

Q. I come to another question; the value of the currency then is based on the whim or wish of the government and not on either demand or supply, or imports or exports?—A. I suppose, sir, that the government in determining the exchange rate would take into consideration all the relevant factors in connection with such a determination, which would include those which you have mentioned as well as some others.

The CHAIRMAN: Is it the wish of the committee that Mr. Rasminsky should proceed?

Mr. LOW: I have two or three questions which I would like to ask him now.

Some Hon. MEMBERS: Later.

By Mr. Low:

I wonder if I could ask the witness if it is not true that a debtor nation might possibly be put in a position where it could lose 90 per cent of its sovereignty over the control of its own currency; just pursuing the sovereignty problem a little further?—A. No, sir, I do not think that is so.

Q. Is it not true, Mr. Raminsky, that a country could reach a position where it could not depreciate its currency more than 10 per cent as a protective measure against adverse trade conditions?—A. No, sir, I have been over the clauses relating to the exchange stability once or twice, but I will be glad to run over them again if you wish me to do so.

Q. I do not think it is necessary to do that, but if I could just perhaps make myself a little more clear; I understand that with the formation of the fund a