

If any such statement is to be issued, it should be issued today (Sunday) – i.e. it should be available to the public, at home and abroad, before foreign exchange markets and security markets open for business tomorrow (Monday).³

While such an announcement seems very desirable, indeed necessary, it can at best postpone the time at which events may invite, indeed require, action in addition to announcements. In the very nervous and apprehensive atmosphere which now surrounds the Canadian dollar, a constructive statement by the Prime Minister may help to prevent a serious outflow of capital during the coming week. However, in the weeks ahead, both Canadians and foreigners with funds that can be transferred into or out of the country, will no doubt be seeking some firm basis, in the realm of Government action, relating to the future of the Canadian dollar. It seems clear that the regular announcement of our reserve position at the end of June will again show a very substantial fall in reserves; indeed the decline may well be the largest on record. This would be a blow to confidence. I know that there have been discussions between Mr. Fleming and Mr. Taylor and Mr. Rasminsky of steps affecting Canada's balance of payments and financial position which might be urgently required in such a situation but I do not know whether it has as yet been possible to convey the gist of this discussion to the Prime Minister.

759.

J.G.D./XIV/D/17

*Note du secrétaire du Cabinet
pour le premier ministre*
*Memorandum from Secretary to Cabinet
to Prime Minister*

PERSONAL

[Ottawa], June 18, 1962

I am sending you enclosed a note on the Exchange Crisis.

I need not point out to you the political implications and difficulties of all this, on which I have of course been brooding. Naturally you will be vilified for this abrupt change of course, necessarily made without any warning during the campaign. Yet it seems inescapable.

In the circumstances I think the best approach would be to act promptly, decisively, and without compromise; to be clearly dealing strongly with a serious emergency which necessarily transcends normal priorities and policies.

R.B. B[RYCE]

[PIÈCE JOINTE/ENCLOSURE]
*Note du secrétaire du Cabinet
pour le premier ministre*
*Memorandum from Secretary to Cabinet
to Prime Minister*

[Ottawa], June 18, 1962

POLICY RE EXCHANGE CRISIS

You asked this morning to have a memorandum on the action to be taken on the exchange crisis and I shall see what I can get for you tomorrow. Rasminsky and Finance are still working

³ Voir/See "Steady Dollar Rate Pledged by Fleming," *Globe and Mail*, June 11, 1962, p. 1.