

(b) to incorporate the general principles under which other exports and imports of capital will be permitted.

Mr. MACDONNELL: That is right.

Hon. Mr. ABBOTT: The position of the government with respect to these proposals is this. It believes that the continuation of foreign exchange control is necessary for the reasons given by the Minister of Finance in his statement on the resolution preceding the introduction of the foreign exchange control bill. It also believes that the system of exchange control which is established should be effective to accomplish its objects.

The question of the circumstances under which and the amount to which capital may be exported from Canada is a matter of policy which must necessarily be determined by the government in the light of the general exchange position as it exists from time to time. The policy presently being administered by the Foreign Exchange Control Board—and it will be continued so far as possible—is a liberal one and the intention is to pursue as liberal a policy as the circumstances warrant. No one can predict what the foreign exchange position will be in the future, however, and if the present measure is to be effective in accomplishing its purposes the government must be free to change any of its foreign exchange control policies to meet changing situations as and when they occur.

Accordingly, the government cannot accept amendments to the foreign exchange control bill of the character proposed by Mr. Macdonnell which would have the effect of limiting the government's ability to adapt its foreign exchange control policy in order to deal quickly and effectively with situations which may arise in the future.

Mr. MACDONNELL: Mr. Chairman, again I have no desire to take up the time of the committee with argument at this stage. But I want to point out that it seems to me that entirely overlooks one thing which I said, and which I think I made perfectly clear. I said that I recognized there might have to be changes from time to time. I think I was very specific in that. But again I am not going to continue the argument. I just want to make this point very clear. I was going to ask about it anyway. As I see it, this definitely means that the government feels that no principle of gradualism can be introduced into this. It is either whole-hog or nothing. If this bill goes for five years, as I have suggested—and I hope it will not be so—for five years we will have this same control. I suggest to the minister—I think the minister was in the room yesterday when I suggested this—that ten years ago these powers would have horrified us. During the war we needed them. The war is now over. What is happening now is that they are going to be imposed upon us for an indefinite period in peacetime. All I pleaded for was some gradualism, some beginning of the way out. I make the point that I was very explicit as to the possibility of changing it. I am just asking as to the position now. I take it that this answer really means that the government sees no possibility of introducing any gradualism into this.

Hon. Mr. ABBOTT: I would not quite agree with that.

Mr. MACDONNELL: Is not that the effect?

Hon. Mr. ABBOTT: Put it this way, that the government feels that in a matter of this kind it must retain freedom of action; that the exchange controls must be sufficiently flexible to allow continued relaxation, such as you suggest, if the circumstances warrant it, but which do not restrict the government in taking a necessary decision as to exchange policy.

Mr. MACDONNELL: Might I make this clear. I am admitting that we need exchange control for a while. At any rate, I am not disputing that; and I went a long way when I pleaded for this small right as of right. As I said, let the