

might well have done prior to July 5, and we find after July 5 it is worth 10 per cent less, we have lost \$100,000,000. That is a very great sum of money, in view of taxation.

Hon. Mr. ABBOTT: I do not want to enter into an argument on this "loss" on exchange operations. But the fact remains, I think, that so long as we operate exchange control we must be prepared to purchase foreign currencies; or if we operate on the other basis and operate a stabilization fund, we would have to use the same device. So in the result, the government has come to the conclusion that the section as submitted must stand and that we think it inadvisable to attempt to put a limit on the amount of these advances.

Mr. MACDONNELL: Mr. Chairman, I am inclined to agree with the minister in one sense, namely that if we accept the principle of this—which in many ways I greatly deprecate—except for a very short period, and let us say, we authorized \$100,000,000, \$200,000,000 or \$400,000,000, if the time came when that was not enough, then it might be very awkward. The alternative, of course, would be—an alternative which might be attractive, Mr. Minister, and which we can not wholly abandon in our minds at the moment—the fixing of an amount which is very large, and which would show the people of Canada after all what does underlie this, that they are relying on the judgment of a few people; and the judgment of those few people might run them into terrific and alarming losses. Are we not leaving ourselves open?

Hon. Mr. ABBOTT: Yes. I appreciate that. I thought I should state that after consideration the government feels that this section as contained in the bill should stand.

Mr. JACKMAN: Of course, the reason the minister does not want to state a specific sum which would give sufficient amplitude to the operation of the board is that the amount would be so large it would probably frighten the public who would not understand it.

Hon. Mr. ABBOTT: No. I do not think that is my reason. But I think the amount might have to be unnecessarily large.

Mr. JACKMAN: Oh, oh.

Hon. Mr. ABBOTT: Yes. I think as Mr. Macdonnell has very aptly said, if we are operating a system—although I do not want to put words into his mouth—of exchange control, there must be a degree of flexibility to enable us to operate efficiently.

Mr. MACDONNELL: That is a perfectly correct statement, but I should like to make this reservation: unless one named a figure which was so extraordinarily large that it would obviously be sufficient; and of course that would alarm the people. That may bring out our point.

Hon. Mr. ABBOTT: I think that is correct.

The further point that I think was raised by Mr. Macdonnell at a recent meeting of the committee, at not all of which I was able to be present, he took the position, as I understand it, that there should be incorporated in the foreign exchange control bill provisions stating the specific circumstances under which, and the limits within which, persons affected by the bill will as a matter of right be permitted to export capital from Canada or to enter into other transactions which are subject to supervision or control by the Foreign Exchange Control Board.

Mr. MACDONNELL: I wonder if that is a confusion of two points I made.

Hon. Mr. ABBOTT: Perhaps I might continue with this. This is a prepared statement and perhaps you would see whether it actually reflects your view. In particular, Mr. Macdonnell has asked the government to consider amending the bill in two respects:

(a) to allow an emigrant from Canada to export capital up to some designated limit as a matter of right; and