

about November, 1920, the British pound went as low as \$3.18 and the Canadian dollar as low as 82 cents in New York. In the course of the next year or two, exchange returned practically to par, and the United Kingdom resumed gold payments in April, 1925, and Canada on July 1, 1926. From then until 1928 the exchanges were within the gold points, but in 1929 the Canadian dollar again fell to a moderate discount in New York. The dislocation of exchange persisted, with the exception of a few months in the latter half of 1930, into 1931. Dollar rates were below the gold export points, however, only for a few scattered intervals.

Recent Movements in Canadian Exchange.—In September, 1931, the equilibrium of the international exchange was seriously disturbed. This unfortunate turn of events followed a period of over six years during which the nations of the world had worked steadily towards the stabilization of their currency systems upon a gold basis. Within two months of the time when the United Kingdom found it necessary to suspend free gold shipments, however, only a very small number of countries, including the United States and France, were left with currencies unshaken by preceding abnormal gold movements. The decision of the United Kingdom to go off the gold standard (Sept. 21, 1931) resulted in a sharp depreciation of sterling in New York. Canadian rates depreciated also, and fluctuated broadly with sterling until the United States dollar dropped from the ranks of gold-standard currencies on Apr. 19, 1933.

Since that time major adjustments have occurred in practically all currencies of the world. The United States dollar was replaced on a gold basis, but was devalued at 59.06 p.c. of its former gold parity ($13\frac{7}{8}$ grains or $\frac{3}{8}$ oz. of gold to the dollar as against 23.22 grains previously) on Jan. 31, 1934, with other countries following suit at irregular intervals until the final break-up of the European gold 'bloc' in September, 1936. These countries, including France, Belgium and Switzerland, were the last to abandon post-war gold standards established between 1925 and 1927. Evidence of instability from 1937-39 was provided by the establishment of lower levels for sterling, the French franc, the Spanish peseta and the Brazilian milreis.

Outstanding in foreign-exchange developments during 1940 was the placing of more extensive restrictions on currency transfers, thereby causing a further sharp drop in the volume of foreign-exchange transactions, and the disappearance from trading of a substantial number of continental European currency quotations. During 1940 the United States dollar was the only leading currency traded without restriction, consequently this unit was in great demand during most of the year. There was no change for sterling and United States funds in terms of the Canadian dollar during 1940. These remained at 'pegged' levels of \$4.43-\$4.47 and \$1.10-\$1.11, respectively, rates which were set by the Canadian Foreign Exchange Control Board on Sept. 16, 1939. British Empire units have been linked to sterling since the War's commencement, and rates for these units were unchanged at Montreal during the year. Currencies linked to the United States dollar were steady, the only units showing any substantial difference on the year being Chinese currencies which evinced further weakness.