

27.—Monthly Averages of Exchange Quotations at Montreal, 1939 and 1940—
concluded

Month	India Rupee		Japan Yen		Shanghai Dollar		London Sterling		New York Dollar	
	Old par value		-4985		-4167		4.8666		1.00	
	1939	1940	1939	1940	1939	1940	1939	1940	1939	1940
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
January.....	.351	.336	.274	.260	.164	.087	4.706	4.450	1.008	1.105
February.....	.352	.336	.274	.260	.160	.078	4.709	4.450	1.005	1.105
March.....	.352	.336	.274	.260	.161	.072	4.704	4.450	1.004	1.105
April.....	.351	.336	.274	.260	.161	.067	4.704	4.450	1.005	1.105
May.....	.351	.336	.274	.260	.161	.057	4.898	4.450	1.004	1.105
June.....	.350	.336	.274	.260	.135	.064	4.692	4.450	1.002	1.105
July.....	.350	.336	.273	.260	.107	.067	4.689	4.450	1.002	1.105
August.....	.335	.336	.270	.260	.072	.061	4.633	4.450	1.005	1.105
September.....	.328	.336	.258	.260	.075	.058	4.409	4.450	1.095	1.105
October.....	.336	.336	.261	.260	.086	.063	4.450 ¹	4.450 ¹	1.105 ¹	1.105
November.....	.335	.336	.260	.260	.093	.065	4.450	4.450	1.105	1.105
December.....	.336	.336	.260	.260	.083	.064	4.450	4.450	1.105	1.105

¹ Average of daily buying and selling rates set by the Canadian Foreign Exchange Control Board. Since Sept. 16, 1939, buying and selling rates have been: sterling, \$4.43-\$4.47 and United States funds \$1.10-\$1.11.

Subsection 2.—War-Time Control Under The Foreign Exchange Control Board

Reasons for Control.—The outbreak of war in September, 1939, created new and urgent problems in connection with Canada's financial relations with other countries. These could be foreseen, to a large extent, as the inevitable results of 'all-out' participation in modern war, and plans to meet such an emergency had been worked out in broad outline in advance. Control of foreign exchange and of all financial transactions between residents of Canada and residents of other countries was brought into operation six days after Canada declared war on Germany.

The chief reasons for the adoption of foreign-exchange control in Canada were:—

(1) To assist in the conservation of United States funds so that purchases of munitions and of essential supplies could be increased as much and as rapidly as the war program might require, and so that Canada should also be able to maintain payments on foreign-currency debt;

(2) To stabilize exchange rates and so remove one of the unnecessary hazards of business and finance in time of war when, in the absence of control, unusual demands for foreign exchange and the operations of speculators might seriously affect the international value of the Canadian dollar;

(3) To mobilize all of Canada's foreign assets, held by private individuals as well as banks, commercial companies and other institutions, and so form a common pool available as a reserve of international purchasing power in case of need;

(4) To prevent unnecessary exports of capital and prevent the dissipation of such reserve for speculative private investment abroad or other non-essential purpose;

(5) To co-operate with the exchange control bodies in other British and Allied countries and, in particular, to facilitate the financial assistance that Canada is providing to the United Kingdom;