

The Foreign Exchange Control Order, which came into effect on Sept. 16, 1939, set forth the basic law on the subject, and established the Foreign Exchange Control Board, responsible to the Minister of Finance, as an administrative body to exercise continuous control over transactions subject to the Order.

The Board, subject to the direction of the Minister of Finance, was entrusted with use of the Exchange Fund established by the Exchange Fund Act of 1935 and the amount of this fund was enlarged by \$325,000,000 on Apr. 30, 1940, to enable the Board to acquire more foreign exchange; advances totalling \$400,000,000 were made to the Board in July, 1941, to enable it to continue accumulating sterling exchange and thereby to provide the British Government with Canadian dollars required for British purchases in Canada.

Every branch in Canada of the Canadian chartered banks is an authorized dealer and agent of the Board. Postmasters are also agents of the Board with limited authority to sell foreign exchange. All foreign exchange received by residents of Canada must be sold to an authorized dealer or other agent. All such purchases and sales are made for the account of the Board at the official rates of exchange which the Board may prescribe, subject to instruction by the Minister.

It might be pointed out here that, in addition to the actions and policies carried out by the Board, including the restriction of exports of capital from Canada and the restriction of the use of foreign exchange for pleasure travel, other measures have been taken by the Government to meet the shortage of exchange. The most important is the War Exchange Conservation Act, prohibiting or restricting the importation of specified non-essential goods, and providing means for the increasing of exports. The exchange shortage was also relieved in part by the agreements announced by the President of the United States and the Prime Minister of Canada at Hyde Park on Apr. 20, in accordance with which the United States will provide to the United Kingdom, under the Lease-Lend Act, American components of war supplies to be manufactured in Canada for Britain and, more significantly, the United States will buy from Canada certain essential materials and other war supplies that Canada can produce quickly and efficiently. See also the special article at pp. 830-833.

The Department of Munitions and Supply.—A detailed account of the establishment and the administrative functions of the Department of Munitions and Supply appears in the Miscellaneous Administration chapter, at pp. 942 to 943.

The Department was organized in order to centralize all purchasing functions on behalf of the armed services, except for certain construction and like facilities, for which contracts continued to be let directly by other departments, such as Transport, National Defence and Public Works. The Minister is empowered to examine into and to organize, mobilize, and conserve the resources of Canada for the purpose of furnishing munitions of war and supplies.

The Department does all the essential purchasing for the Canadian armed forces, as well as for the British Commonwealth Air Training Plan, the United Kingdom Technical Mission, the British Admiralty Technical Mission, and the Governments of the other Allied Nations. Through a system of Controllers* for oil, timber, steel, machine tools, power, metals, motor-vehicles, ship repairs, construction, supplies, transit, and chemicals, it maintains a strict supervision over certain industries. The Controllers are organized into a Wartime Industries Con-

* These are dealt with in detail in the appropriate chapters of this volume; see the various sections under "War-Time Controls" in the Index.