

changes were 'unpegged' 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.

Pre-War 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 ($13\frac{5}{7}$ grains or $\frac{1}{16}$ 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.

War-Time Movements in Canadian Exchange.—At the beginning of the present war, sterling and Canadian funds, like those of the other initial belligerents, fell to a discount at New York. The immediate imposition of foreign exchange controls at London and Ottawa stabilized sterling at \$4.02½–\$4.03½, the Canadian dollar at 90.09–90.91 cents. These official rates have remained unchanged to date. Unofficial rates on both currencies have been quoted, and have fluctuated fairly widely with the course of the War: the lowest point of the Canadian dollar, viz., 78 cents, was reached on May 21, 1940, but it has risen above 89 cents at later dates. The importance of the unofficial market, never great, has steadily declined with the improvement of exchange control methods.

The War has ended all free exchange. At the end of 1941 the pound sterling was the only European currency regularly quoted in New York. Quotations for the European States still neutral have not been available at Montreal since June, 1941, and for some time before that were largely on a nominal basis. The same applies to the Japanese yen and Japanese-dominated Chinese units. United States, British Empire and other currencies which are still frequently traded are so rigidly controlled that changes in methods used to maintain fixed rates, rather than any slight changes in quotations, have come to be the significant events in the foreign