

also receive substantial assistance from CUNA. In May, 1946, this Federation was recognized by CUNA and Canada was elected to a vice-presidential seat on the executive committee. All Canadian leagues now affiliated with CUNA will now be included in the Canadian vice-presidential area rather than with contiguous United States areas as heretofore. Provision has been made for the inclusion of representatives of every provincial league and federation in the Dominion.

The Montreal *Fédération des Caisses Desjardins* was organized under the provisions of Sect. 49 of the Quebec Co-operative Syndicates Act. It consists of nine caisses populaires on the island of Montreal all of which formerly were members of the *Fédération des Caisses Populaires Desjardins* whose headquarters are at Lévis.

Legislation.—Many provincial Acts concerning credit unions were amended during the year in the light of operating experience but there were no major changes affecting policy. The most important legislative change occurred in Manitoba where a new Act respecting credit union societies was assented to on Apr. 13, 1946. This new Act repeals Part VIII of the Companies Act under which credit unions were formerly incorporated.

Taxation.—Following closely the recommendations of the MacDougall Royal Commission on Co-operatives, amendments to the Dominion Income War Tax Act which were passed in August, 1946, continued the exemption from taxation formerly accorded all credit unions and also included federations of credit unions which have as members co-operative associations, churches or schools, etc. The exemption in all cases is contingent on the society or federation deriving its revenue primarily from loans to members.

Section 7.—Foreign Exchange

Subsection 1.—Exchange Rates

The Canadian dollar, adopted as Canada's currency in 1857, was equivalent to 15/73 of the pound sterling; in other words, the pound was equal to \$4.866 in Canadian currency at par, and remained so, with minor variations between the import and export gold points representing the cost of shipping gold in either direction, until the outbreak of the War of 1914-18. During the first eleven years after Confederation, the Canadian dollar was at a premium in the United States, as the United States dollar was not, after the Civil War, redeemable in gold until 1878. From the latter date, the dollar in the two countries was equivalent at par, and variation was only between the import and export gold points or under \$2 per \$1,000.

At the outbreak of the War of 1914-18, both the pound sterling and the Canadian dollar were removed from the gold standard, and fell to a discount in New York. However, this discount was 'pegged' or kept at a moderate percentage by sales of United States securities previously held in the United Kingdom, by borrowing in the United States and, after the United States entered the War, by arrangement with the United States Government. After the War, when the exchanges 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