

in the reconstruction and recovery of those overseas countries whose economies were seriously impaired as a result of the War. It is of the utmost importance to Canada that the economies of its overseas customers should be restored in order that they may ultimately be able to resume mutually profitable trade on a cash basis.

**Changes in Control during 1946.**—The changes in control policies and methods in 1946 were of minor importance although of interest to considerable groups of the public. In September, 1946, the regulations were amended to provide that a resident having in his possession United States bank notes and coin to an amount not exceeding \$100 is not required to sell them to the Board. In line with this, the exemption from permit for the export of funds by resident travellers was increased from a total of \$50 to a total of \$150 of which not more than \$100 may be in United States currency.\* In addition, a liberal policy has been followed in dealing with applications for change of residential status since June, 1944, and during 1946 the policy was further modified. Change of status is now granted in any case where the applicant has a bona fide notification of leaving Canada permanently and has obtained permanent entry to the country to which he is destined. Since March, 1946, the United Kingdom and other Sterling Area controls have ordinarily permitted the transfer to Canada of the full amount of legacies (previously restricted to £1,000) and other capital payments from Sterling Area estates to Canadian beneficiaries, as well as certain other types of capital payments which could previously be made only to blocked sterling accounts.

At the session of Parliament in 1946, the Foreign Exchange Control Act was passed to come into force on Jan. 1, 1947, and to replace and supersede on that date the Foreign Exchange Control Order passed under the War Measures Act under which exchange control was carried on from its inception in September, 1939. The Act also replaces the Exchange Fund Act, 1935, under which the Special Exchange Fund Account, in the name of the Minister of Finance, was originally established.

New Foreign Exchange Control Regulations were made on Dec. 19, 1946, to come into force at the same time as the Foreign Exchange Control Act on Jan. 1, 1947. These Regulations reflect two notable changes in general foreign exchange control policy brought about as the result of new factors arising out of steps that Canada and other nations are taking with a view to re-establishing world trade on a multilateral basis.

Under the terms of the agreement made at the time the \$3,750,000,000 credit was negotiated with the United States, the United Kingdom was committed to make the current sterling receipts of other countries freely available for expenditure anywhere by July 15, 1947. Arrangements were made between Canada and the United Kingdom under which sterling became transferable on Jan. 1, 1947, between Canada and certain other countries, including the United States, in addition to countries in the Sterling Area. This meant that Canadian exporters and importers have been able, since the beginning of 1947, to trade on a sterling basis, if they wish to do so, with a number of countries in addition to those in the Sterling Area.† This does not mean that the whole of Canada's surplus with the United Kingdom is now

\* In May, 1947, the amount of United States banknotes and coin which a resident may hold was reduced to \$10 and the exemption from permit for the export of funds by resident travellers was similarly lowered to \$25 of which not more than \$10 may be in United States currency.

† In August, 1947, the United Kingdom found it necessary to cancel the general arrangements which had been made for the transferability of sterling between non-sterling countries because of the drain which such arrangements were causing on her United States dollar resources. The consequence is that since that date Canadian exporters and importers are again limited generally to trading on a United States dollar basis with countries outside the Sterling Area.