

by residents and could be used mainly for travel and capital investment in Canada. The volume of such trading in Canadian funds was very small in relation to turnover in the official market; it was almost entirely outside the orbit of dealings between residents and non-residents and quotations were frequently erratic owing to the narrow market, varying from virtual parity with official rates to as much as 15 p.c. under these. After the designation of official rates of exchange was withdrawn, the so-called unofficial rates for Canadian dollars at New York disappeared.

Changes in Exchange Control Policies and Methods, 1950 and 1951.*—

On Dec. 14, 1951, the Foreign Exchange Control Regulations were revoked by the Governor in Council and new Regulations were passed which exempted all persons and transactions from the various declaration and permit requirements of the Foreign Exchange Control Act, thus terminating exchange control in Canada.

This action followed a period in which there had been a progressive relaxation of Canadian exchange restrictions. Travel restrictions were abolished in October 1950 and the last of the import restrictions imposed for exchange reasons were done away with at the beginning of 1951. During 1951, there were a number of relaxations in administrative procedures followed by the Foreign Exchange Control Board and in February the Foreign Exchange Control Regulations were amended to increase from \$50 to \$100 the amount of United States currency which a resident of Canada might retain in his possession, and the exemption from permit for the export of currency by resident travellers was changed from \$50 in United States currency and a total of \$100 in both United States and Canadian currency to a combined total of \$100 in either currency. Furthermore, the Regulations were amended to increase from \$50 to \$100 the general exemption from completion of a permit form for applications for United States dollars in forms other than currency. At the same time, the authority of banks and other agents to sell United States dollars for benevolent remittances was increased from \$50 to \$100 per applicant per month.

Commencing in October 1951, a resident of Canada moving to a United States dollar area country was permitted to transfer up to \$25,000 at the time of departure and, upon investing any remainder of his cash assets in Canadian securities, was treated immediately as a non-resident for exchange control purposes. Accordingly, thereafter he could obtain the transfer of any Canadian income or was free to export and sell his Canadian securities outside Canada. Previously, the maximum amount of funds that could be transferred was \$25,000 a year for three years and only at the end of that period was an emigrant regarded as a non-resident with respect to any balance of his assets in Canada.

After October 1951, favourable consideration was given to applications by Canadian mining and oil interests to obtain United States dollars to make direct investments abroad in mining and oil properties. Until that time such applications ordinarily had not been approved.

* The main operations of the Foreign Exchange Control Board during 1950 are given in the 1951 Year Book, pp. 1056-1057. Reviews of the Board's activities in earlier years will be found in previous Year Books.