

- (2) The Hyde Park Agreement in 1941 under which Canada and the United States co-ordinated their war production, Canada supplying the United States with material which it was better adapted to produce. War Supplies Limited, a Crown Company, was set up to handle these sales which totalled more than \$1,000,000,000.
- (3) Special receipts of gold and United States dollars from the United Kingdom totalling \$458,000,000.
- (4) Capital inflow (chiefly the purchase of Canadian securities by United States investors) which became marked in 1942, rose sharply in 1943 when gross sales of outstanding Canadian securities for United States dollars amounted to nearly \$200,000,000 or almost twice the 1942 figure. The 1944 total exceeded \$100,000,000 and that of 1945 exceeded \$200,000,000.
- (5) Grain purchases by the United States amounted to a value of \$550,000,000. These are described as being "another source of United States funds of extraordinary size. Their importance is emphasized when it is recalled that receipts from exports of grain in 1944 considerably exceeded the total value of all merchandise exports to the United States in 1938".

Because of the improved exchange position, it became possible, in 1944, to reduce some of the restrictions upon the expenditure of United States dollars. The first step in this direction was taken in May, 1944, when moderate amounts of United States dollars were made available to residents of Canada for travel for any purpose. The principal change introduced was to permit persons to buy up to \$75 in United States currency for travel for any purpose, but not more frequently than once every six months, or alternatively \$150 once every twelve months. One year later, in May, 1945, further relaxations in the restrictions upon travel were introduced and since that time Canadians have been permitted to buy United States funds for any reasonable travel expenditures. The improved position also made it possible to introduce some flexibility in the control of capital exports in 1944 when certain types of application for United States dollars for the extension of Canadian business activity outside of Canada were approved.

The improved exchange position also made possible the removal of the restrictions on imports from the United States and other non-sterling area countries which had been introduced by Parliament at the end of 1940 when the exchange situation was acute. The prohibitions on certain civilian imports from the United States contained in the War Exchange Conservation Act were removed by the repeal of the relevant sections of the Act in August, 1944. Finally, in the Budget introduced in October, 1945, the War Exchange Tax was abolished.

Up to Dec. 31, 1945, the Board had a total revenue from turnover in foreign exchange during the six years 1939-45, of close to \$100,000,000. Commissions paid to banks, as authorized dealers, on purchases and sales of foreign exchange during this period were close to \$26,000,000. The net over-all profit reported by