THE EXCHANGE RATE

IX.—What Controls It?

IN the previous numbers of this series we have endeavoured to explain the various factors bearing on the exchange value abroad of our dollar. We will now summarize the methods by which this value may be restored.

By increasing Canadian production we can supply our domestic requirements and enlarge our surplus for export. This, if accompanied by a drastic decrease in our imports, especially of luxuries, will go far to adjust our trade balance.

As exchange becomes favorable to us, gold will flow in more freely, the reserves against paper currency will regain their former sound basis and the restrictions on the export of gold will be removed. The great stabilizing factor in exchange fluctuations will therefore be restored.

There are two further matters of equally great importance; the first, that so far as possible we cease to purchase luxuries, even those of domestic manufacture, and divert the sums thus saved to productive enterprises, either by direct investment or by depositing the money in the bank; the second, that we must all strive to work at our greatest capacity, not shirking, but taking pride in achieving a full output, whether we are doing manual or mental work.

The personal advantages of accumulating savings are so obvious that they need not be repeated here.

If this series has achieved its object, the national importance of industry and thrift to ensure the prosperity of Canada and to re-establish the value of the Canadian dollar throughout the world will be clear to you.

Will you do your share?

THE CANADIAN BANK OF COMMERCE

Capital Paid up $15,000,000

Reserve Fund $15,000,000

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544