

FOREIGN EXCHANGE CONTROL IN CANADA – (1939 – 1951)
THE ROLE OF CANADA POST
Presented by Eldon Godfrey to the PSSC by Zoom 17 March 2021

The Presentation

This presentation documents the role played by Canada Post, its Directors and Postmasters, in assuring compliance with the regulations of the Foreign Exchange Control Board with respect to the flow of foreign exchange through the mail during World War II and seven years thereafter from September 16, 1939 to December 14, 1951.

Background

Immediately following the entry of Canada into World War II on September 10, 1939 the Foreign Exchange Control Board (FECB) was created by Order-In-Council 2716 on September 15, 1939. The FECB operated to control the flow of foreign exchange throughout the war and for six years thereafter. Censorship in Canada was discontinued by Parliament on August 16, 1945; however, FECB regulations remained in effect until the FECB was officially terminated on December 14, 1951. During this period, the regulations of the FECB were revised from time to time giving effect to discovered requirements and learned operational efficiencies.

Understanding of the Subject

Little attention seems to have been focused upon this political/financial issue faced by the Government of Canada arising with the onset of World War II in which Canada Post became an important national partner. Unlike other postal markings such as Squared Circles, RPOs, Flag Cancels and Slogans there does not appear to be any definitive catalogue or reference material available other than that as specified in my references noted below.

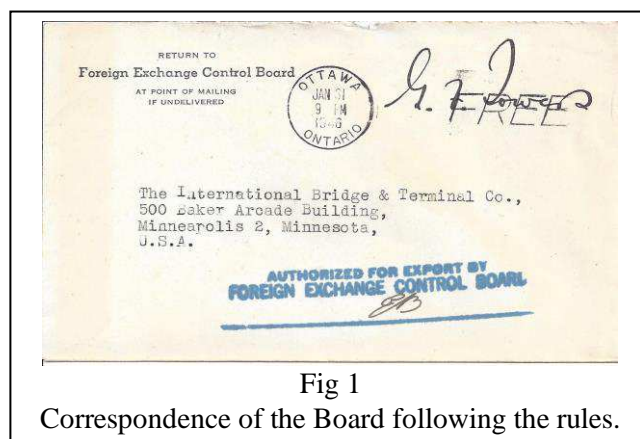


Fig 1

Correspondence of the Board following the rules.

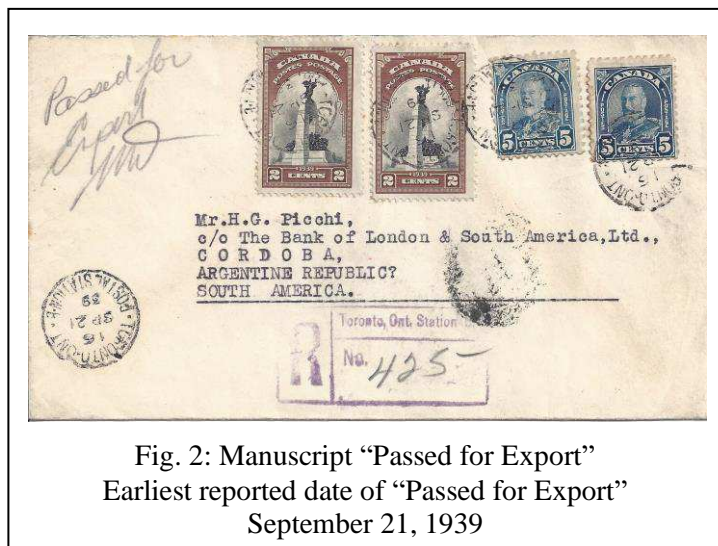


Fig. 2: Manuscript “Passed for Export”
Earliest reported date of “Passed for Export”
September 21, 1939

Implementation of the Foreign Exchange Control Order

The Board, under the governance of Graham Ford Towers (Fig.1), called upon Canada Post, its officials, postmasters and postal clerks to play an important role in the implementation of the mandate of the FECB.

To this end, FECB Regulation Section 7(a) states Every postmaster and postal clerk shall act as agent of the board in accordance with instructions of the Board relating to the control of exports by mail and parcel post.

Pursuant to FECB Regulations it became necessary that the words **“Passed for Export”** be written or stamped upon the face of the envelope by the postmaster to indicate that, in his/her opinion, the contents of the envelope did not violate the regulations of export (Figs. 2 & 3). The requirement of Section 7(a) engaged every postmaster in the country.

To ensure each postmaster was carrying out his/her duty in an appropriate manner,

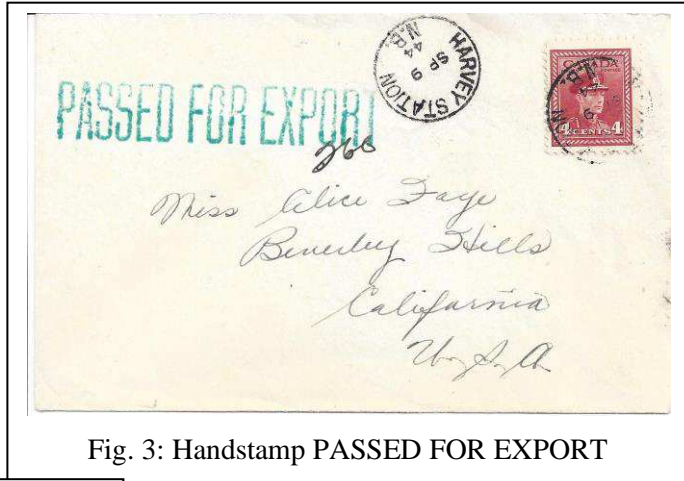


Fig. 3: Handstamp PASSED FOR EXPORT

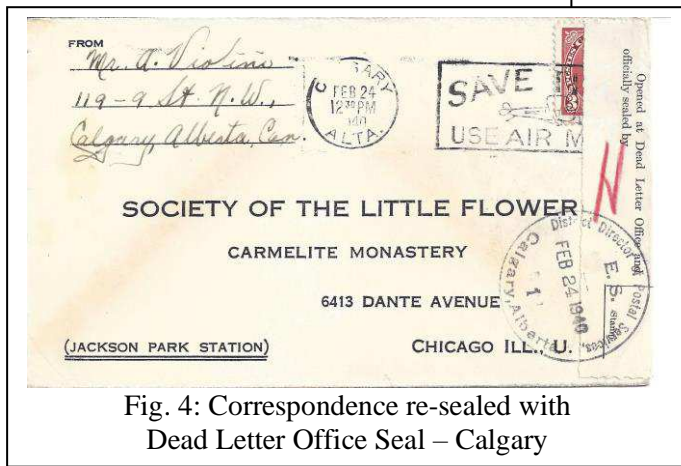
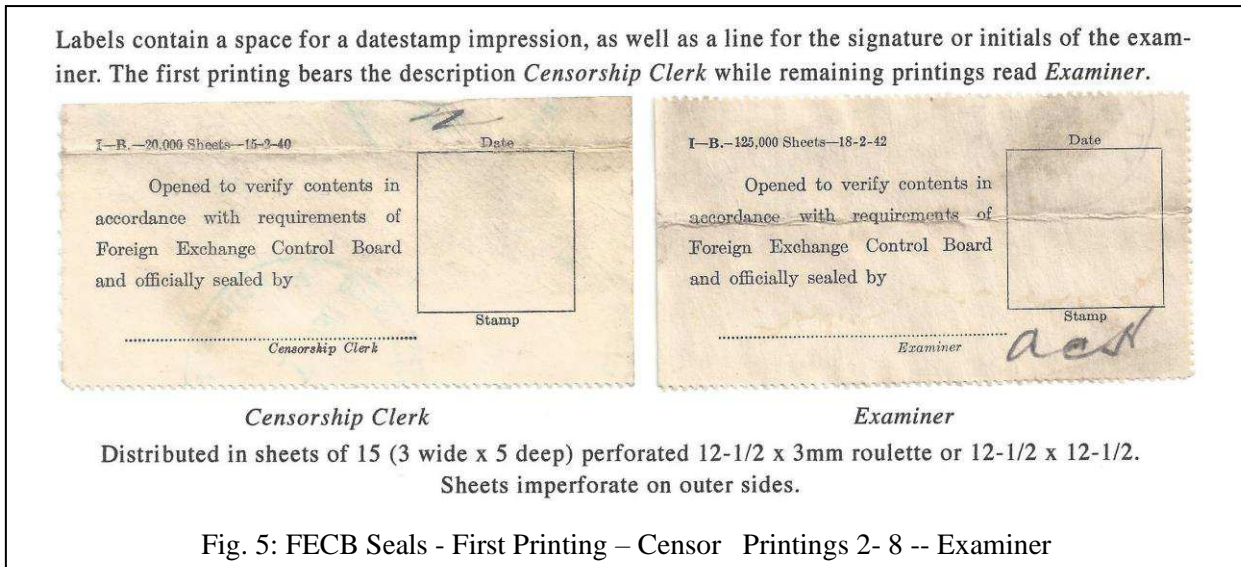


Fig. 4: Correspondence re-sealed with Dead Letter Office Seal – Calgary

initially, 1 of each 50 items of international correspondence was to be submitted to the office of the District Director / Superintendent for further examination. Examination required the examiner to open, close and re-seal the correspondence for onward transmission. In early stages, re-sealing was effected by use of Dead Letter Office seals which were intended specifically for re-sealing notification of receipt of correspondence in damaged condition (Fig.4).



FECB seals (Fig. 5) were produced to address the need arising from examination, the first printing being dated February 15, 1940 although it appears that it remained until April 2, 1940 for the labels to be formally put to use by directive of the Acting Chief of Post Office Services.

In view of the significant volume of correspondence addressed to the United States of America, FECB Governor Graham Towers, on September 15, 1939 wrote a detailed explanation of the implementation of the requirements of the Foreign Exchange Control Order to The Honourable Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve Board, Washington, D.C. A copy of this correspondence is not included in

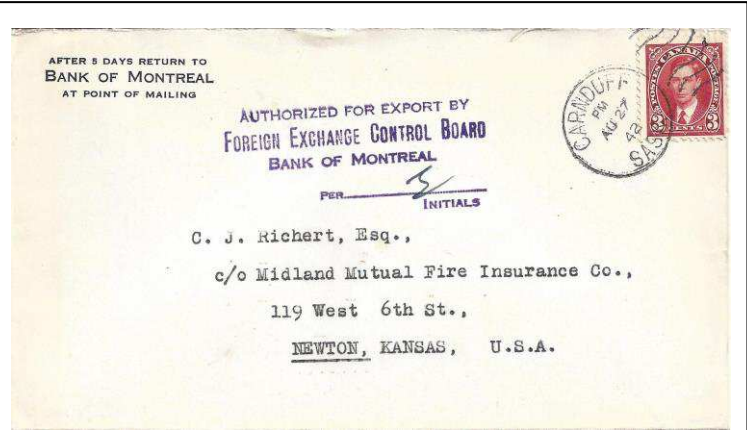


Fig. 6: Bank of Montreal correspondence August 27, 1942 marked "AUTHORIZED"



Fig. 7: Montreal Trust Company correspondence November 5, 1941 marked "APPROVED"

this presentation; however, it may be found at

http://fraser.stlouisfed.org/docs/historical/eccles/039_01_0003.pdf

Recognizing the nature of business conducted by financial institutions (banks, trust companies, insurance companies and certain special agents) and the volume of their correspondence, specified financial institutions were granted the privilege of pre-clearance by "self-audit" when their correspondence was within the regulations of the

FECB and clearly marked

AUTHORIZED (or APPROVED)
FOR EXPORT BY
FOREIGN EXCHANGE CONTROL
BOARD (Figs. 6, 7 & 8)

It is possible to debate the inclusion of these markings as "postal markings" because the marking is placed on the face of the envelope by the sender; however, I choose to include these items because it remained necessary for the postmaster to examine and accept the correspondence or otherwise, in the absence of such marking, question/examine the sender before "passing for export". In fact, this process of "self-audit" speeded up the daily operation of the post office.

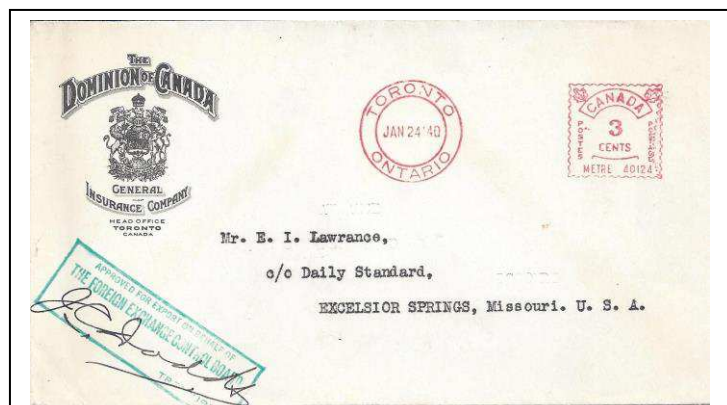


Fig. 8: Dominion of Canada General Insurance Company correspondence January 24, 1940 Marked "APPROVED"

Additionally, commercial permits to export goods and financial instruments, to obtain foreign exchange and gain permission to travel all fell under the watchful eyes of the banks and postmasters (Fig. 9).

A clear, yet limited censorship role was established by correspondence dated July 31, 1943 and marked **“Most Secret”**, wherein the Chief Postal Censor engaged the District Director of Postal Services, North Bay and advised that President Franklin D. Roosevelt, en route to

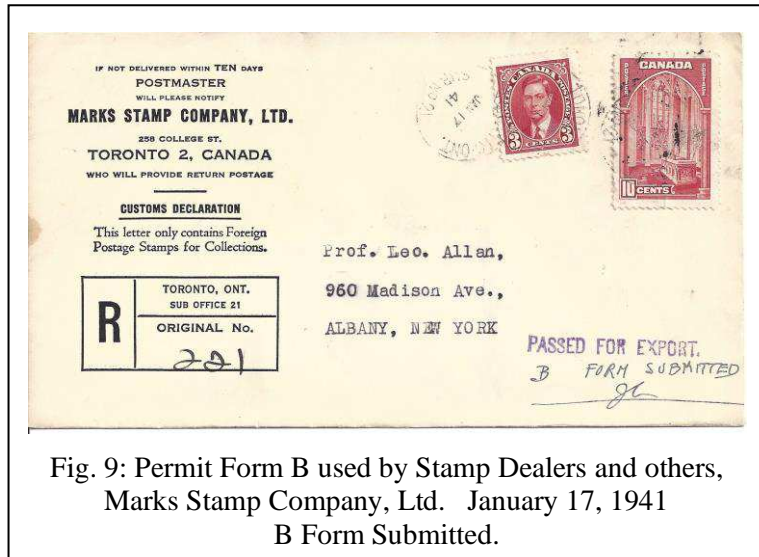


Fig. 9: Permit Form B used by Stamp Dealers and others, Marks Stamp Company, Ltd. January 17, 1941
B Form Submitted.

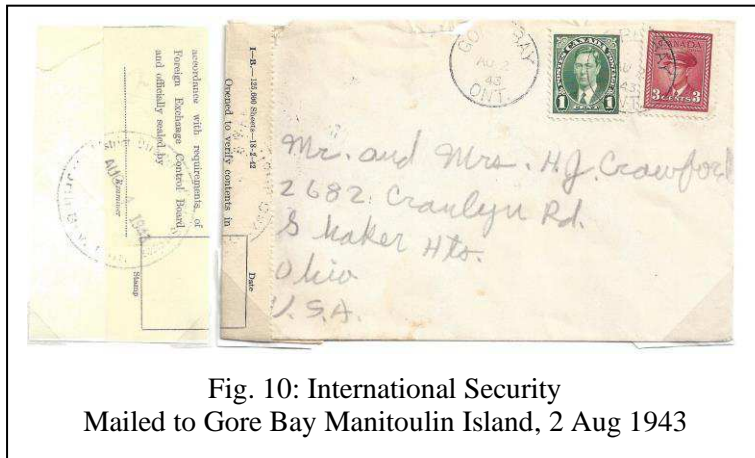


Fig. 10: International Security
Mailed to Gore Bay Manitoulin Island, 2 Aug 1943

the Quebec Conference, would be visiting on Manitoulin Island and therefore required, in the interest of international security, that all letter mail posted on Manitoulin Island during the week of August 1-7, 1943 addressed to the USA be examined for information that President Roosevelt is visiting a point on the island.

Figure 10 is thought to be the only recorded cover related to this censorship order (ex Jeff Switt).

Censorship of ordinary mail to the USA by post office personnel was disavowed in writing by the Chief Postal Censor on September 22, 1939 and examiners of correspondence were advised their responsibility lay only in ascertaining compliance with FECB regulations; however, there appears to have been attention given to apparently “suspicious mail”.

The treatment of correspondence containing money required attention as did the detection of ownership of any unauthorized financial assets. To further this detection incoming mail from offshore and the USA were examined and transferred to Customs and Excise when required (Fig. 11).

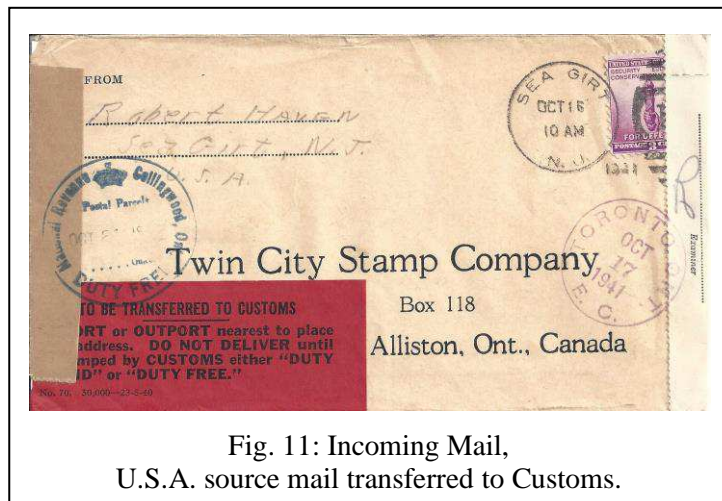


Fig. 11: Incoming Mail,
U.S.A. source mail transferred to Customs.

The ending of World War II in 1945 ended the need for censorship; civil censorship was terminated by parliament on August 15, 1945; however, foreign exchange controls remained in place until termination on December 14, 1951. **Selected References**

Journal articles written by Jeffery Switt, Chris Miller and David Whiteley provide valuable information and insight into the FECB and an outstanding monograph written by David Whiteley is an invaluable reference. Peter Burrows extensive work, dealing with British Empire Civil Censorship Devices – World War II – Section 7 – Canada and Newfoundland, provides an excellent showing of scanned FECB markings. Robert Lemire kindly gave me a selection of material reproduced from the National Library and Archives to supplement my own research at the Library.

Publication References

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Switt, J., “Those PASSED FOR, APPROVED FOR and AUTHORIZED FOR EXPORT Markings” BNA Topics Vol.52 No.3 pp. 44–51 (1995).

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The monograph of David Whiteley, recipient of the Vincent G. Greene Foundation Award 1999, is a scholarly presentation of the history of the Foreign Exchange Control Board. Mr. Whiteley’s access to archival material of the Bank of Nova Scotia provides great understanding of the cooperation between the Board, Canada Post and the banks.