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Volume Title: Canada's Financial System in War

Volume Author/Editor: Benjamin H. Higgins

Volume Publisher: NBER

Volume ISBN: 0-87014-334-4

Volume URL: <http://www.nber.org/books/higg44-1>

Publication Date: 1944

Chapter Title: Introductory pages to "Canada's Financial System in War", including preface by Ralph A. Young

Chapter Author: Benjamin H. Higgins

Chapter URL: <http://www.nber.org/chapters/c0656>

Chapter pages in book: (p. -5 - 0)

Canada's Financial System in War

BENJAMIN H. HIGGINS

OUR ECONOMY IN WAR

Occasional Paper 19: April 1944

FINANCIAL RESEARCH PROGRAM

NATIONAL BUREAU OF ECONOMIC RESEARCH

1819 Broadway, New York 23, N. Y.

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Preface

THE CLOSE RELATIONSHIP between the Canadian and American economies makes a study of Canada's financial system in war particularly timely. Against a background of wartime industrial and price controls, and fiscal policy, the study shows how Canada has mobilized its financial system for war. The wartime functioning of different financial institutions is described, and the effects of war finance measures on such institutions are traced. Finally, Canadian war financing methods in the two World Wars are compared, and the lessons relevant to war finance and postwar reconstruction problems are suggested.

An adequate history of wartime financial developments cannot be prepared until some years after the war is won. Organization and presentation of available facts at this time can nevertheless serve a useful purpose; the problems growing out of wartime finance need thoughtful study now if intelligent policies are to be formulated to deal with them.

This study by Dr. Benjamin H. Higgins is one of a series published under the Financial Research Program's War Financing Project. Research in this area is made possible by grants from the Association of Reserve City Bankers and private foundations. None of these supporting sources is to be understood as approving, by virtue of its grant, any observations made or conclusions reached by the author.

Dr. Higgins is obligated to many readers of the preliminary draft for constructive criticism and suggestion. His debt is especially great to the various Canadian and American government officials who have provided him with materials and discussed their implications. Readers in the financial community have also been generous in their help. Responsibility for use of materials and suggestions from these sources is necessarily the author's own.

Dr. Higgins is Bronfman Professor of Economics at McGill University and a member of the National Bureau's Financial Research Staff. The study was edited by Donald Dunham, and guided through the press by Renée S. Courtney. The charts were drawn by Helen Morphy.

RALPH A. YOUNG

Director, Financial Research Program

April 1944.

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