ings; (3) to show the magnitude of individual invisible items, such as interest, freights, tourist traffic, etc., in our international transactions; (4) to explain exchange disturbances and the effect of international financial difficulties; and (5) to furnish data for guidance in the formulation of international fiscal, financial and commercial policy.

As already stated, in the years from 1923 to 1928 Canada became temporarily a capital-exporting country. This was the result of abundant funds accumulating in the Dominion owing to three causes. In the first place, there had come into the country during the War about $1,250,000,000 through the purchase of our commodities at high prices; this was seeking an investment outlet. In the second place, the large investment of United States capital in the Dominion from 1914 to 1920 was now increasing the nation's output. In the third place, successive large harvests at relatively high world prices were a foundation of prosperity. These factors combined caused an unprecedented accumulation of savings, which was used by financial institutions and individuals not only to finance domestic capital needs, but also to avail themselves of opportunities for profitable investment abroad. The prolonged and extravagant "bull" market in the New York and other United States' stock exchanges culminating in the early summer of 1929, and the high interest rates prevailing in those markets, attracted enormous sums to the United States from other countries, including Canada. Thus from 1923 to 1928 we had on balance an export of capital to our credit, though at the same time other countries, particularly the United States, continued to invest large sums in the Dominion.

In contrast to this there were debit balances in 1929 and 1930, considering both visible and invisible items of $107,000,000 and $195,000,000 respectively, while in 1931 the balance was favourable by only a little over $2,000,000. In the light of all available information, it appears that these balances in 1929 and 1930 represented a net movement of capital into Canada for investment. In each year from 1931 to 1935, a net outward movement of capital funds is indicated again. In these latter years, however, the outward movement of capital funds appears to have been in the main not for investment but for the purpose of retiring maturing issues and for repurchases. The credit balances from 1932 to 1935, respectively, were approximately $27,000,000; $55,000,000; $81,000,000; and $140,000,000.

In 1934 credit balances of $152·8 million for commodities, $100·3 million for gold and $69·1 million for tourist trade, a total of $322·2 million, were more than sufficient to meet net debits of $195 million for interest and dividends, $23·4 million for freight and $15·0 million for insurance, totalling $233·4 million. Minor invisible items showed a net debit of $7·3 million.

In 1935 the largest debit balances were $219 million for interest and dividend payments, $29 million for freight and $8 million for insurance. The total of these debit balances, $256 million was much less than the large credit balances provided by the commodity and tourist trades and gold, these being $198 million, $100 million and $104·4 million respectively. The remaining items showed a net debit balance of $6 million.

Table **24** shows the preliminary estimates of the balance of international payments for 1934 and 1935. Figures for 1920-26 were given at pp. 601-602 of the 1929 Year Book, although these have since been somewhat revised in later estimates. Figures for 1927-28 will be found at p. 501 of the 1932 Year Book, those for 1929-32 at p. 601 of the 1933 Year Book and those for 1933 at p. 639 of the 1934-35 Year Book.