

bonds abroad, while during the same years they paid off \$1,801,900,000 of bonded obligations, so that the net capital receipts from their borrowings abroad during the decade were only \$176,700,000. At the same time, large sums were remitted from Canada for the purchase of United States, Latin-American, and other foreign securities, for the repurchase of Canadian securities, and in connection with capital repayments and other financial transactions of trust companies, international branch plants, etc. In the earlier years of the period there was a considerable inward movement of capital in connection with the repatriation of Canadian banking assets held abroad.

Current and Capital Transactions in 1935 and 1936.—In each of the years 1935 and 1936, Canada's current and capital transactions with other countries had many features in common. Both years were characterized by large credit balances in the current account accompanied by substantial outward movements of capital. The principal sources of the credits in the current account, which summarizes international transactions in goods, gold, and services, were the growing credit balances derived in these years from the expansion of Canada's export trade, from larger sales of gold to other countries and from the increasing expenditures in Canada of tourists from other countries. External credits derived from these transactions were more than sufficient to make the customary large net payments of interest and dividends to residents of other countries as well as the net payments to other countries arising out of other international service transactions. Taking all such current payments abroad into account there remained surplus credits in the current account of \$176,900,000 and \$309,000,000, respectively, in 1935 and 1936.

The capital account shows how the surplus external credits in the current account were employed as well as giving a detailed analysis of the various types of capital movement between Canada and other countries in these years. The net outward movements of capital in 1935 and 1936 which have been traced in the capital account were \$173,300,000 and \$253,700,000, respectively. In each year a feature of the outward movement of capital was the large volume of Canadian securities owned abroad which were redeemed, and in both years these amounts of maturing and called bonds exceeded by far the amounts of new Canadian issues sold abroad, with consequent substantial reductions in Canada's liabilities to other countries. A long-run consequence of these large scale redemption operations will be the future reductions in Canada's interest payments to non-resident bondholders. The purchases and sales of securities between Canada and other countries were the source of net credits in each year, although in 1936 purchases from other countries were not far short of sales. There were substantial outflows of capital funds in each year as a consequence of international insurance transactions and of the international transactions of Canadian trust companies, the operations of British and foreign branch plants in Canada, and the branch activities in other countries of Canadian companies.

Table 24 shows estimates of the balance of international payments for 1935 and 1936. Figures for earlier years back to 1920 may be found in the 1929 and later Year Books, but, as indicated on p. 588, the balances since 1926 have recently been the subject of comprehensive study and revision, and, for the revised figures for these years, the interested reader is referred to the special report mentioned in footnotes to pp. 587 and 588.