

abroad of Canadian borrowers with accompanying declines in the interest payments on externally-held Canadian bonds, as well as in that of increasing somewhat Canadian assets abroad.

The largest external current income in the five post-depression years shown was received in 1936 and 1937. In both years there were also very substantial credit balances on current account. A decline in the credit balance in the latter year was due to a greater increase in total current disbursements than in current credits, the result principally of a substantial expansion in merchandise imports in 1937 and the decline in grain exports. While the credit balance on merchandise account was reduced in 1937 there were substantial increases in credits from gold and the tourist trade that offset in part the decline in merchandise credits and the increase in debits for interest and dividends, freight, and miscellaneous services.

The net outward movements of capital were very heavy in both 1936 and 1937. The extraordinary outflow for the redemption of Canadian securities owned outside of Canada in the former year was considerably reduced in 1937 with the development of less favourable circumstances for refinancing. The net movement of capital from the trade in outstanding securities was relatively small in each year taken as a whole, although the volume of transactions was very great. A small inflow of capital from these transactions in 1936 was followed by a small outflow in 1937. Other capital movements, outward in large volume in 1936, continued to expand in 1937. A smaller part of the total outflow of capital in 1937 was employed for the reduction of Canadian liabilities abroad than in the two preceding years.

The Canadian balance of international payments is shown in summary form for the five latest years in Table 24, while greater detail for the two years 1936 and 1937 is given in Table 25.

#### 24.—Summary of Canadian Balance of International Payments, 1934-38.

NOTE.—Net receipts or credits (+); net payments or debits (-).

Item.	1934.	1935.	1936.	1937.	1938. <sup>1</sup>
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
<b>CURRENT ACCOUNT OF GOODS, GOLD, AND SERVICES.</b>					
Merchandise.....	+148.1	+192.7	+322.2	+213.3	+180.5
Gold.....	+109.6	+116.7	+131.0	+145.0	+156.5
Tourist trade.....	+ 82.4	+119.2	+140.9	+170.3	+145.0
Interest and dividends.....	-211.6	-208.6	-233.8	-246.2	-242.0
Freight.....	- 37.9	- 14.1	- 17.8	- 25.5	- 30.0
Miscellaneous services.....	- 25.8	- 29.0	- 34.0	- 38.7	- 35.2
<b>Net Receipts or Credits on Current Account.....</b>	<b>+ 74.8</b>	<b>+176.9</b>	<b>+306.5</b>	<b>+218.2</b>	<b>+184.8</b>
<b>CAPITAL ACCOUNT.</b>					
New issues and retirements of securities.....	- 58.0	-154.4	-163.9	- 38.4	- 60.1
Other security transactions.....	+ 8.9	+ 51.0	+ 7.8	- 4.8	+ 27.0
Other capital movements.....	- 66.7	- 70.1	- 97.6	-105.6	-127.0
<b>Net Outward Capital Movement.....</b>	<b>-115.8</b>	<b>-173.5</b>	<b>-253.7</b>	<b>-198.8</b>	<b>-160.1</b>
Residual item.....	+ 41.0	+ 3.4	+ 54.8	+ 19.4	+ 24.7

<sup>1</sup> Preliminary figures.