

the net inflow of capital from the United Kingdom was almost \$100,000,000. In three of the five years, 1935, 1937, and 1938, there were appreciable inflows of capital on balance from other countries.

In general, the distribution of commercial and financial dealings shown in the pattern described above discloses that surplus receipts from the United Kingdom and other countries have been used in recent years to settle the excess of payments to the United States on both current and capital account. In each year the main sources of net credits were in the current accounts with the United Kingdom and overseas countries. In some years credits on capital account with these countries also contributed to the available surplus. In most years the capital account with the United States gave rise to the largest balance of debits although net debits on current account with the United States were also heavy in some years. Outflows of capital to the United Kingdom in four of the years also added to the balance of debits.

With the advent of war, the outlines of the balance of payments may be expected to change considerably from those described above. Some of the developments that will undoubtedly alter the character of both the current and capital accounts are: greater concentration of activity in certain channels; the increased importance of public finance; the introduction of foreign exchange and other controls; realignments of foreign exchange rates; and the regulation of international capital movements.

23.—Canadian Balance of International Payments, 1934-39.

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

Item.	1934.	1935.	1936.	1937.	1938.	1939. ¹
TRANSACTIONS BETWEEN CANADA AND ALL COUNTRIES.						
CURRENT ACCOUNT OF GOODS, GOLD, AND SERVICES.	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Merchandise.....	+148.1	+192.7	+322.2	+213.3	+181.9	+202.0
Gold.....	+109.6	+116.7	+131.0	+145.0	+156.5	+134.4 ²
Tourist trade.....	+ 82.4	+119.2	+140.9	+170.3	+161.7	+165.0
Interest and dividends.....	-211.6	-208.6	-233.8	-246.2	-251.0	-260.8
Freight.....	- 27.9	- 14.1	- 17.8	- 25.5	- 25.4	- 40.8
Miscellaneous services.....	- 25.8	- 29.0	- 34.0	- 38.7	- 43.5	- 40.8
Net Receipts or Credits.....	+74.8	+176.9	+308.5	+218.2	+180.2	+209.0
CAPITAL ACCOUNT.						
New issues and retirements of securities..	- 58.0	-154.4	-163.9	- 88.4	- 61.9	- 90.2
Other security transactions.....	+ 8.9	+ 51.0	+ 7.8	- 4.8	+ 28.9	+ 72.1
Other capital movements.....	- 66.7	- 70.1	- 97.6	-105.6	-102.0	-144.0
Net Outward Capital Movement.....	-115.8	-173.5	-253.7	-198.8	-135.0	-162.1
Residual item ³	+ 41.0	+ 3.4	+ 54.8	+ 19.4	+ 45.2	+ 46.9
TRANSACTIONS BETWEEN CANADA AND THE UNITED KINGDOM.						
CURRENT ACCOUNT OF GOODS, GOLD, AND SERVICES.	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
Merchandise.....	+155.2	+187.2	+271.6	+253.1	+220.4	4
Gold.....	+ 27.0	+ 15.6	+ 58.8	+ 31.8	+ 79.9	4
Tourist trade.....	- 4.2	- 5.4	- 7.1	- 5.3	- 6.5	4
Interest and dividends.....	- 74.3	- 75.7	- 83.2	- 88.0	- 82.3	4
Freight receipts and payments.....	- 3.6	- 0.4	- 3.6	- 6.0	- 6.2	4
Miscellaneous services, etc.....	- 6.9	- 7.4	- 7.8	- 8.8	- 9.0	4
Net Receipts or Credits.....	+ 93.2	+113.9	+228.7	+176.8	+196.3	4

For footnotes, see end of table, p. 587.