

certain Dominion and guaranteed C.N.R. bond issues held in the United Kingdom. The remainder, amounting to \$82,000,000, was provided through accumulation of sterling balances by the Foreign Exchange Control Board.

Capital payments by Canada to non-Empire countries in 1940 were, of course, subject to the restrictions imposed by foreign exchange control. In general, payments were allowed only in the case of maturing contractual commitments, although certain other special types of capital transfers were permitted in minor amounts. Gross capital payments by Canada to non-Empire countries were, therefore, unusually low in 1940, amounting to \$141,000,000. This includes redemptions of securities, mortgages and other types of obligations, and the estimated reduction of non-Empire balances held in Canada, as well as capital payments in connection with real estate, estates and trusts, insurance transactions, etc.

Apart from the \$248,000,000 of gold received from Great Britain in part settlement of her deficiency with Canada and used in turn to settle part of Canada's deficiency with the United States, gross capital credits in respect of non-Empire countries in 1940 amounted to \$167,000,000. This was accounted for in part by sales of foreign securities (and some domestic securities) in the United States market, and by capital receipts in connection with direct investments, mortgages, real estate, estates and trusts, insurance transactions, etc. The remainder was accounted for by a reduction in Canadian holdings of gold and U.S.-dollar balances, and represented the means by which Canada covered her residual deficiency on current and capital account with non-Empire countries.

### 1.—Estimated Canadian Balance of International Payments, 1939 and 1940

(Millions of Canadian dollars)

Item	1939 <sup>1</sup>			1940 <sup>2</sup>		
	Credits	Debits	Net	Credits	Debits	Net
<b>I. CANADA AND ALL COUNTRIES—</b>						
Current Account—						
Merchandise trade—after adjustment.....	906	713	+193	1,212	1,046	+166
Net exports of non-monetary gold.....	184	-	+184	203	-	+203
Tourist expenditures.....	164	86	+ 78	128	43	+ 85
Interest and dividends.....	57	311	-254	52	306	-254
Freight and shipping.....	87	119	- 32	138	132	+ 6
All other current transactions.....	36	68	- 32	113	143	- 30
<b>TOTALS, CURRENT ACCOUNT.....</b>	<b>1,434</b>	<b>1,297</b>	<b>+137</b>	<b>1,846</b>	<b>1,670</b>	<b>+176</b>
Special gold transactions <sup>3</sup> .....	-	-	-	248	248	-
Capital movements.....	495	651	-156	283	475	-192
Balancing item <sup>4</sup> .....	-	-	+ 19	-	-	+ 16
<b>II. CANADA AND EMPIRE COUNTRIES—</b>						
Current Account—						
Merchandise trade—after adjustment.....	436	177	+259	708	261	+447
Tourist expenditures.....	9	13	- 4	6	3	+ 3
Interest and dividends.....	5	81	- 76	3	72	- 69
Freight and shipping.....	31	39	- 8	76	36	+ 40
All other current transactions.....	6	14	- 8	63	61	+ 2
<b>TOTALS, CURRENT ACCOUNT—</b>						
United Kingdom.....	371	245	+126	670	323	+347
Other Empire countries.....	116	79	+ 37	186	110	+ 76
<b>All Empire Countries.....</b>	<b>487</b>	<b>324</b>	<b>+163</b>	<b>856</b>	<b>433</b>	<b>+423</b>
Capital credits.....	97	-	+ 97	116	-	+116
Sub-total.....	584	324	+260	972	433	+539
Special gold transactions <sup>3</sup> .....	-	-	-	-	248	-248
Capital debits.....	-	180	-180	-	334	-334
Balancing item <sup>4</sup> .....	-	-	- 80	-	-	+43

For footnotes, see end of table, p. 514.