

1.—Estimated Canadian Balance of International Payments, 1939 and 1940—concluded
(Millions of Canadian dollars)

Item	1939 ¹			1940 ²		
	Credits	Debits	Net	Credits	Debits	Net
III. CANADA AND NON-EMPIRE COUNTRIES—						
Current Account—						
Merchandise trade—after adjustment.....	470	536	- 66	504	785	-281
Net exports of non-monetary gold.....	184	-	+184	203	-	+203
Tourist expenditures.....	155	73	+ 82	122	40	+ 82
Interest and dividends.....	52	230	-179	49	234	-185
Freight and shipping.....	56	80	- 24	62	96	- 34
All other current transactions.....	30	54	- 24	50	82	- 32
TOTALS, CURRENT ACCOUNT—						
United States.....	775	864	- 89	869	1,138	-269
Other foreign countries.....	172	109	+ 63	121	99	+ 22
All Non-Empire Countries.....	947	973	- 26	990	1,237	-247
Capital debits.....	-	534	-534	-	141	-141
Sub-total.....	947	1,507	-560	990	1,378	-388
Special gold transactions ³	-	-	-	248	-	+248
Capital credits.....	461	-	+461	167	-	+167
Balancing item ⁴	-	-	+ 99	-	-	- 27

¹ Revised figures. ² Preliminary. ³ This represents gold received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States. ⁴ This balancing item reflects possible errors and the omission of certain factors that cannot be measured statistically, such as changes in the timing of payments for goods and services and, before the War, the conversion of surplus sterling into other currencies.

Section 2.—The Tourist Trade of Canada*

The growth of tourist travel in Canada, to the point where it is to-day one of the nation's great 'service' industries, has been a remarkable development of recent years. It represents in economic terms the disposition of national assets in which Canada is particularly rich—scenic beauty, invigorating climate, opportunities for summer and winter sports of all kinds, religious shrines and places of historical interest—for the exploitation of which large capital expenditures have been made on hotel accommodation, improved highways, national parks, and other attractions.

In its international aspects the tourist trade takes on added significance as one of the 'invisible' items in Canada's balance of international payments. The expenditures in Canada of travellers from other countries have the same effect, in so far as they influence the balance of payments, as the export of additional commodities and, similarly, the expenditures of Canadian travellers in other countries are equivalent to the import of goods from abroad.

In common with other invisible items, the expenditures involved in the tourist trade are extremely difficult to measure. A direct record of the amounts is not feasible, and the alternative method used is to estimate them by applying sample average expenditures to the total numbers of persons. In the past, with the information then available, these estimates were subject to a large margin of error and it is now considered that figures published for years prior to 1940 were considerably too high. Estimates for the earlier years have not been revised as yet, but it would appear that the volume of United States expenditures in Canada in the past was closer to the proportions that the new estimates show for 1941 than the old figures indicated.

* Abridged from "Canada's Tourist Trade, 1941" and other reports published by the Dominion Bureau of Statistics.