

and trusts and insurance company transactions make up about \$59 million, and the remaining amount of \$1,070 million is made up of debits connected with official transactions as follows: repatriations \$296 million; special loan to the United Kingdom \$700 million; and miscellaneous payments to adjust previous transactions \$74 million.

The principal means adopted by the Canadian Government of financing the residual needs of the United Kingdom on current and capital accounts was the \$1,000 million gift to the Government of the United Kingdom. Consequently, the British Government was enabled to purchase munitions, raw materials and food, and to make other expenditures necessary for the prosecution of the War.

Non-Empire Countries.—Capital payments by Canada to non-Empire countries are, of course, subject to restrictions imposed by foreign exchange control. In general, payments were allowed only in the case of maturing contractual commitments, although certain other types of capital transfers were permitted in minor amounts.

Gross capital debits in the account with non-Empire countries in 1942 amounted to \$212 million. Retirements of Canadian bonds and debentures held in the United States and repayments of mortgages, loans and advances and other contractual obligations made up most of the cash payments as in former years. In 1942, however, there were also debits in connection with changes in private balances and other short-term assets as well as debit entries reflecting an increase in Canada's official reserves of gold and United States dollars. An important factor contributing to this increase in reserves was the unusually high level of purchases of Canadian securities by United States investors.

Capital credits with non-Empire countries totalled \$351 million in 1942. The proceeds from the purchase of securities by investors in the United States was the largest single source of capital credits. Transactions in outstanding Canadian bonds represented the largest part of this import of capital. These were heavier than in any previous year for which records are available and were concentrated in Dominion, Dominion guarantees and provincials.

The other prominent source of capital credits in 1942 was the receipt of certain prepayments and capital advances arising out of the Hyde Park Agreements. These advances in connection with the production of munitions and raw materials in Canada, of course, give rise to subsequent deliveries of exports for which no payments will be received.

Capital credits also originated in various increases in other forms of United States investments in Canada, and decreases in other forms of Canadian-owned assets in the United States and elsewhere. These credits were in connection with direct investments, insurance transactions, estates and trusts, real estate, short-term financing, repayments, etc. Expenditures by the United States Government on the Alaska Highway and other developments in Canada are covered in the current account rather than the capital account.

Credits of \$23 million were also received from the sale in the United States of the gold purchased from the United Kingdom.

Statistics of the balance of international payments have been revised back to 1937 and the revisions are shown in the following tables. These replace statistics for 1937-40 appearing in earlier editions of the Year Book. A subdivision of tourist expenditures is shown in Table 5 at the end of the series.