

a reflection of the elimination of interest payments on the Canadian bonds which have been repatriated since the start of the War, as payments of dividends to shareholders in the Sterling Area have not varied much during the period.

*Non-Empire Countries.*—A marked change occurred in the current account with the United States dollar area in 1943. In contrast to the debit balances of \$314 million in 1941 and \$168 million in 1942, the account was virtually in equilibrium in 1943, net debits amounting to \$10 million. While gross debits continued to rise as has been the case in each wartime year, there were even sharper gains in gross receipts. As these gains were most pronounced in the last half of the year because of large sales of grain, the transition in the current account took place mainly in that period. In each year from 1937 to 1943 there have been deficits in the current account with the United States which have been partly offset by credit balances from transactions with other countries. These credit balances, arising mainly from trade with other foreign countries, have been greatly reduced by the elimination of exports to most areas of Continental Europe and Asia. The deficit with the United States in 1943 of \$19 million was relatively small in relation to the deficits in earlier years of the War.

The rapid and continued rise in the value of imports from the United States during the War has been a primary factor in the growth of the debit balance with the United States dollar area. The demand for imports is, of course, closely related to the war-production program. Imports of capital equipment have been an important element, especially in the earlier years of the War. As munitions production has expanded, imports of materials, fuel, and components have also grown and represent a major part of the increases. An important part of these United States dollar requirements arises from the United States dollar content of production in Canada for the United Kingdom. Direct Government purchases in the United States of aircraft and other equipment for the Armed Forces have also been substantial and were particularly large in 1943.

Although exports to the United States dollar area have increased each year during the War there has been less regularity in the increases than in the case of imports. The greatest expansion occurred in 1942 and 1943 and this increase is, of course, to a large extent a result of transactions under the agreements entered into between the Canadian Prime Minister and the President of the United States at Hyde Park in April, 1941. Sales of war supplies to the United States resulting from the agreements first became substantial in 1942 when deliveries of munitions, metals and war production rapidly expanded. It is notable, however, that although Hyde Park receipts provided a very large new source of credit in 1942 and 1943 these receipts represented only a minor part of the total receipts from exports to the United States in each year. Receipts from the sale of raw materials and other civilian commodities still constituted the major part of export receipts being at record levels for both years. In 1943 a large portion of the receipts originated in the extraordinarily large sales of Canadian wheat and feed grains to the United States: these had attained unprecedented volume by the end of the year.

Net exports of non-monetary gold produced \$142 million in 1943 compared with \$184 million in 1942. Gold production in 1943 declined as a result of manpower transfers and higher costs.

Tourist and travel expenditures produced net credits of \$52 million in 1944 compared with \$53 million in 1943 (see Table 6, p. 565 and Table 4, p. 562).