

million. In addition, there were cash repayments of \$190 million of working capital which the United Kingdom had formerly advanced to the Department of Munitions and Supply and contractors. The official repatriation of securities resulted in a further transfer of only \$4 million in 1943 in contrast to \$296 million in 1942 and a total of \$701 million to the end of 1943. Other special payments in 1943 amounted to \$116 million. This item is made up of a number of different official transactions which were mainly for the purpose of adjusting intergovernmental transactions and various currency settlements adjusting special transactions. In addition, there were special receipts of United States dollars from the United Kingdom amounting to \$143 million in terms of Canadian dollars. These receipts were a means of settling part of the British deficit in Canada comparable to the special gold transactions in the earlier years 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. While, in general, payments were allowed only in the case of maturing contractual commitments, certain other capital transfers were permitted. Most important among these in 1943 was the calling for redemption of two Dominion of Canada bond issues held in the United States. Among the other transfers permitted in 1943 were some non-resident withdrawals of Canadian funds acquired from the liquidation of certain direct investments in Canada.

Gross capital debits in the account with non-Empire countries in 1943 amounted to \$774 million. Redemption of Canadian bonds held in the United States represents a large part of this. There were also substantial debit entries reflecting the refinancing of Canadian bond issues in the United States. Repayments of mortgages, loans and advances and other contractual obligations constituted another part of the cash payments along with some liquidations of non-resident direct investment in Canada. The repayments of some prepayments and capital advances arising out of the Hyde Park Agreements are included. In 1943, 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. As pointed out elsewhere, a concentration of unusual receipts of United States dollars in 1943 from various extraordinary sources, contributed to this increase and, in 1944 a series of measures were undertaken by Canada in connection with the termination of the financial aspects of the Hyde Park Agreements, which involved substantial payments out of accumulated balances.

Capital credits with non-Empire countries totalled \$657 million in 1943. 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 sales to the United States were much heavier than in 1942, the previous record year. As in 1942, the net sales were concentrated in Dominions, Dominion guarantees and Provincials. The high prices for these securities prevailing in United States bond markets in 1942 and 1943 were a factor in this movement of securities from Canada. Sales of refunding issues of Canadian bonds in the United States in 1943 were also substantial, totalling more than in any year since 1939. A Dominion refinancing issue of \$90 million was the most prominent of these issues, but there were some new provincial and corporation issues as well. Sales of Canadian domestic securities to non-residents for Canadian dollars were substantial. The liquidation of Canadian