

to the United Kingdom accounting for about \$775,000,000 of the total. Most of the remainder was for Australia with smaller amounts for the British West Indies, India and New Zealand. These goods provided under Mutual Aid have been included with other exports in the balance of payments statements and consequently are reflected in the current account balances shown. Their inclusion among the credits is offset by debits of similar size which have been entered in the special "Mutual Aid" item. Another method of financing the deficit was the special receipt of United States dollars from the United Kingdom, equivalent to \$55,000,000 Canadian. There were also debits on balance on capital account and other special official payments which were mainly for the purpose of adjusting inter-governmental transactions, and various currency settlements adjusting special transactions.

In the balance of payments with the United States, a combination of unusual developments created the unique conditions in which there was a credit balance on current account in 1944. Various abnormal wartime sources of dollars provided a surplus over and above Canada's current expenditures in the United States during the year. Receipts from the sale of munitions to the United States Government under the Hyde Park Agreements, and from the sale in the United States of over \$300,000,000 of grain to meet wartime feed and other shortages, heavy exports of a great variety of other commodities for which scarcities and wartime incomes created swollen demands, and continued expenditures by the United States Government on defence activities in northern Canada all contributed to the extraordinary volume of current receipts. There was some improvement in United States tourist and travel expenditures in Canada accompanying the easing of American restrictions on pleasure travel by car but at the same time there was a further contraction in the net exports of non-monetary gold resulting from continued reductions in production. The consequent increase in total current receipts was considerably greater than the level of current expenditures in the United States. The principal reason for the moderate contraction in the level of imports was the greater use of Canadian sources of supply of materials and the virtual completion of the program of capital expansion in Canadian industry which entailed such large purchases of Canadian equipment in the United States in the early years. There was an appreciable increase in tourist and travel expenditures in the United States by Canadians accompanying some relaxation in travel restrictions in the month of May, 1944. Although payments of interest were slightly higher because of the increased United States holdings of Canadian bonds, there was a decline in dividend payments.

Inflows of capital continued to be extraordinarily heavy in 1944 with transactions in securities still representing the major part of the movements. Gross sales of Canadian securities to the United States were less than in 1943 but so also was the total of redemptions. While sales of Canadian bond issues payable in foreign currency were less in 1944 than in 1943, there was an increase in purchases of Canadian domestic bonds, and more capital was transferred to Canada for direct investment by United States businesses than was the case in the earlier years of the War. Capital payments continued to be for the most part for the redemption of securities or other debts.

There were special receipts of United States dollars from the United Kingdom amounting to \$55,000,000 providing a means of settling part of the British deficit in Canada. There was also a substantial total of receipts from exchange recoveries and adjustments arising principally out of transactions with the Sterling Area.

A substantial part of the credit balance on current account with non-Empire countries in 1944 is represented by war supplies and services provided as Mutual