

occurred in net payments on income account from reduced payments of interest. Higher payments of dividends by publicly owned companies largely offset reduced payments by subsidiaries and controlled companies to United States parent companies.

Transactions with Other Foreign Countries.—There continued to be a substantial surplus from exports of goods and services to other foreign countries although it was reduced from the level of the preceding year. The surplus with "ERP" countries, other than those belonging to the Sterling Area, amounted to \$242,000,000 in 1948 compared with \$281,000,000 in 1947. A considerable part of this surplus in 1948 was financed by official contributions by the Federal Government which amounted to \$13,000,000 and by net post-war loans by the Federal Government of \$51,000,000. The current surplus with all other foreign countries declined from \$65,000,000 in 1947 to \$14,000,000 in 1948. Official contributions in 1948 to this group of countries amounted to \$6,000,000 and post-war loans by the Canadian Government to \$23,000,000. As these loans and contributions were less than in 1947 net receipts of convertible exchange from all foreign countries overseas, amounting to \$173,000,000, were higher than in 1947.

Capital Movements with the United States Dollar Area and Changes in Reserves.—As receipts of convertible exchange from all overseas countries exceeded the current deficit with the United States in 1948, there was then a surplus of United States dollars from current transactions of \$369,000,000 in contrast to a deficit of \$497,000,000 in 1947. Capital movements with the Dollar Area were predominantly inward in 1948 adding further to the increase in official reserves of \$496,000,000. These inward movements were the opposite to those of the previous year when outward movements of capital for redemptions and Canada's gold subscription to the International Monetary Fund led to the use of reserves. The principal single factor leading to the net inflows of capital in 1948 was the sale in the United States of a Federal Government issue of bonds of \$150,000,000. There were also larger inflows of capital for direct investment in Canada in 1948.

1.—Current Account between Canada and All Countries, 1927-48

(Net Credits + : Net Debits -)

(Millions of Canadian Dollars)

Year	Current Receipts	Current Expenditures	Mutual Aid and Other Official Contributions in Current Account	Net Balance on Current Account	Year	Current Receipts	Current Expenditures	Mutual Aid and Other Official Contributions in Current Account	Net Balance on Current Account
1927.....	1,633	1,643	—	-10	1938....	1,361	1,261	—	+100
1928.....	1,788	1,820	—	-32	1939....	1,457	1,331	—	+126
1929.....	1,646	1,957	—	-311	1940....	1,776	1,627	—	+149
1930.....	1,297	1,634	—	-337	1941....	2,458	1,967	—	+491
1931.....	672	1,146	—	-174	1942....	3,376	2,275	1,002	+99
1932.....	808	904	—	-96	1943....	4,064	2,858	518	+688
1933.....	829	831	—	-2	1944....	4,557	3,539	960	+58
1934.....	1,020	952	—	+68	1945....	4,456	2,910	858	+688
1935.....	1,145	1,020	—	+125	1946....	3,365	2,905	97	+363
1936.....	1,430	1,186	—	+244	1947....	3,746	3,661	38	+47
1937.....	1,593	1,413	—	+180	1948 ^a ...	4,139	3,667	19	+453