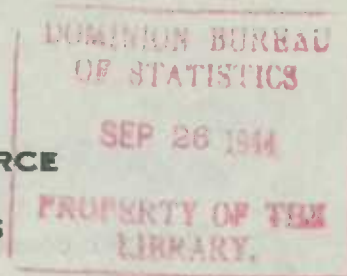


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CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
INTERNATIONAL PAYMENTS BRANCH



THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1937-1943,
REVISED STATEMENTS, 1937-1942,
AND
PRELIMINARY STATEMENT, 1943.



OTTAWA
1944

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CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNATIONAL PAYMENTS BRANCH

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, International Payments Branch: C. D. Blyth, B. A.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Canada's external economic relations are revealed in outline by statements of the Canadian balance of international payments. The statements present, in a statistical form, a summary of the commercial and financial transactions occurring between Canada and other countries. They furnish, therefore, an overall view of the external relations of the Canadian economy just as national income studies provide an outline of its internal structure. In an economy such as Canada's where external sources of income and demand furnish an important dynamic element to activity within the country, the balance of payments focuses attention upon the impact of external demand upon the Canadian economy, the expenditure of income outside of Canada, and the resulting financial and exchange aspects. During the war transactions on external account have constituted an even larger proportion of the national income than formerly. In 1943, gross credits on current account represented almost one-half of the national income compared with approximately one-third in the period before the war.

GENERAL STRUCTURE OF THE BALANCE OF PAYMENTS

When statements for the pre-war years are contrasted with the wartime years, the changes in the size and structure of the balance of payments during the war are brought more clearly into relief. As the comparison shows, the wartime developments have, in many respects, been an accentuation of a pattern which was typical of Canada's international accounts during the pre-war years. In each year there have been credit balances in Canada's current account with Empire Countries and debit balances on current account with the United States, and with the non-Empire area as a whole; also, with the exception of 1937 when there was a small credit balance with all non-Empire countries. But underlying the similarity in structure, however, have been the outstanding differences in the mechanism of making international settlements which have been at the core of the financial problems arising out of developments in international payments during the war.

Before the war, particularly in the trade between the British Commonwealth of Nations and the United States, free exchange markets were the characteristic channel of international settlements between the principal trading nations of the world. Canada's international accounts provide an excellent example of how the system of multilateral settlements operated. In the years before the war Canada's balance of sterling income was freely convertible into United States dollars so that the Dominion was able to settle the deficit arising out of commercial and financial relations with the United States.

The sources of the sterling income were the substantial credit balances, shown in the statements of transactions with Empire countries, which mainly originated from Canadian exports to the United Kingdom. The factors contributing to the current deficits with the United States were the debit balances arising from merchandise trade, interest and dividends, freight and other services which were only

partly offset by credits from gold production and tourist expenditures. In addition to the current deficits with the United States there were large debits on capital account. In part offsetting these debit balances arising from current and capital transactions with the United States were in each of the pre-war years substantial credit balances from transactions with other foreign countries.

The system of multilateral settlements which operated before the war provided the mechanism by which the international balances described above were settled. Triangular settlements such as those arising from Canada's trade with the United Kingdom and the United States were a basic part of the frame work of world trade and had the effect of broadening the sphere of trading between nations by going far beyond the limited scope of bilateral trade.

WARTIME DEVELOPMENTS

The war, however, has interrupted the operation of the system of multilateral settlements by creating conditions under which sterling was no longer freely convertible into United States dollars. In addition, the current accounts of the belligerent nations have become distorted by wartime demands which have produced greatly augmented current balances for which new methods of settlement have had to be devised. In the case of Canada, the new conditions produced problems with respect to the balances of payments with both the sterling area and the non-sterling area, and the situation made exchange control necessary.

During the wartime period, the external demand for Canadian production has been a dominant influence upon the balance of payments. British and other allied requirements for munitions, food, raw materials and other goods and also for war services have been among the principal contributors to the great wartime development of productive capacity and of capital equipment in Canada. The rapid expansion of investment in new productive facilities created heavy demands for capital goods procurable only in the United States. The new kinds of industrial production also led to new demands for fuel, industrial materials and components which also had to be purchased in the United States. As a result of the new capacity and demands the level of industrial production on overseas account rose to unprecedented heights.

In their external aspects, the financial problems accompanying this great achievement in production were twofold. There has been the problem associated with the British scarcity of Canadian dollars to pay for the munitions, food and other commodities which were so urgently needed for the prosecution of the war and there has been that arising from the Canadian shortage of United States dollars to pay for the capital equipment, materials and components required for the war production. These two tendencies contributed to the development of a greatly increased credit balance in the current account with the sterling area and an increased debit balance in the current account with the United States dollar area. Accompanying this great increase in disequilibrium was the interruption in the system of multilateral settlements already referred to. As a result of these developments, it was **necessary** to devise methods of overcoming these financial obstacles in order that they should not interfere with the Dominion's contribution to the war.

With the sterling area, the problem has been one of finding means of financing the growing British shortage of Canadian dollars resulting from the extraordinary wartime needs of the United Kingdom for Canadian munitions, food and raw materials. These needs, of course, have increased to unprecedented proportions as the United Kingdom is a principal base of operations against the axis. In the earlier years of the war, this shortage was principally met by the Canadian government repatriating Canadian securities owned in the United Kingdom and by the

accumulation of sterling balances by the Foreign Exchange Control Board. Some settlements have also been effected by purchases of gold from the United Kingdom which has, in turn, been sold in the United States to settle Canadian deficits there. In 1942, however, besides some additional repatriations, a new method of meeting the growing needs of the United Kingdom for Canadian dollars was introduced when a contribution of one billion dollars was made to the government of the United Kingdom for expenditure on war supplies in Canada. In the same year the major part of the accumulation of sterling balances by Canada was converted into a loan of \$700 million to the United Kingdom. In 1943, a further development in the methods of financing the wartime needs of the Allied Nations was the appropriation by the Canadian Parliament of one billion dollars for Mutual Aid, for the production and transfer of Canadian war supplies to the United Nations. There were also special receipts of United States dollars from the United Kingdom in 1943. More details on the capital transactions with the sterling area will be found in Table 3 accompanying the comments on the capital transactions in 1943. Increasing current payments by the Canadian government to meet the overseas expenditures of the Canadian forces also provided a very substantial source of Canadian dollars for the United Kingdom in 1943. A prominent part of these expenditures arose from the assumption by Canada of the costs of 35 additional overseas squadrons of the Royal Canadian Air Force. In short, the United Kingdom has been able to obtain such a large volume of commodities from Canada for the prosecution of the war only because of special receipts of Canadian dollars such as have been outlined above. The special sources of dollars which have made this possible are mostly outlays of the Dominion government arising from the wartime financial organization of the Dominion in which government expenditures represent a large part of the national income.

In the case of the balance of payments with non-Empire countries, the central problem has also been one of scarcity - in this case a Canadian shortage of United States dollars. The customary deficits in Canada's current account with the United States have been greatly augmented by the war, principally because of the rapid rise in Canadian imports from the United States. At the same time, net credits from other foreign countries whose currencies are convertible into United States dollars have sharply contracted with the decline in exports to Continental Europe and Asia.

Since during the war period, the deficits incurred with the United States dollar area have had to be settled with United States dollars, it became necessary to conserve United States dollars for the more essential purposes of the war, and to develop new sources of United States dollars. Exchange control with the control of capital movements provided the principal means of conserving United States dollars. Government measures have also limited expenditures on Canadian pleasure travel and non-essential commodities in non-Empire countries. As a result of the agreements entered into at Hyde Park in April 1941, new sources of United States dollars were produced with the sale of munitions on a large scale to the United States government and further development of the production of raw materials in Canada. Settlements made by the United Kingdom in United States dollars, and in gold sold in the United States, have also been a factor in meeting deficits in the United States. Another factor of increasing importance in alleviating Canada's shortage of United States dollars has been the growing volume of imports of Capital arising, mainly, from the purchase of outstanding Canadian bonds by United States investors.

DEVELOPMENTS IN 1943

The balance of payments in 1943 reflects the external aspects of the later stages in the development of war production. War production continued to increase

in 1943 with the result that there were even greater needs for financing the production of munitions and other commodities for overseas account. But although exports on sterling area account were higher in 1943 the balance of credits on current account of \$1,216 million was actually slightly lower than in 1942 as a result of the sharp increase in the overseas expenditures of the Canadian government on account of the armed services.

A large part of the food and munitions exported on British account in 1943 were goods provided as Mutual Aid and consequently did not give rise to any British financial liability. Australia also started to receive some goods under Mutual Aid in 1943. Total expenditures by the Canadian Mutual Aid Board for Empire countries in 1943 amounted to \$502 million. 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. To offset their inclusion among the credits, debits of similar size have been entered under the new "Mutual Aid" item representing the expenditures by the Canadian Mutual Aid Board. This new form of aid to Britain and other Allied Nations is in physical terms while the Billion Dollar Contribution of 1942 was aid expressed in financial terms although in effect a contribution of goods and services. Under Mutual Aid, the actual war supplies and services are provided for the Allied Nations requiring the aid directly by Canada.

Capital debits arising from the repurchase by Canada of the British equity in the fixed capital of war plants, amounting to \$205 million and the repayment of \$190 million by Canada of British working capital advances made to Canadian munitions producers earlier in the war, provided a considerable amount of the additional funds required to finance the British current account deficiency in 1943. Special receipts of U. S. dollars from the United Kingdom provided a means of meeting another part of the balance.

Developments in the balance of payments with the United States dollar area in 1943 were more diverse. The current account with this area was practically in equilibrium in contrast to the large debit balances in the earlier years of the war. Imports of materials and components necessary for the increased volume of production reached record levels. There were also large purchases of equipment in the United States for the Canadian armed services. But sales to the United States of Canadian munitions and other commodities were also at higher levels. In part, these represented larger exports of munitions and materials arising from the Hyde Park arrangements, but growing United States demands for grain and other commodities resulting from shortages accompanying the great expansion in war production in the United States, are also reflected in these increased credits.

There were other unusual receipts of United States dollars in 1943 as well. United States government expenditures on defence activities in Canada such as the construction of the Alaska Highway, the Canol project, and the airfields in Northern Canada gave rise to large non-recurring receipts. Then, in addition to these unusual current receipts, there were also extraordinary large imports of capital from the United States from heavy United States purchases of outstanding issues of Canadian bonds. Early in 1943, there was also the special receipt of United States dollars from the United Kingdom in settlement of that part of the British deficit in Canada which was not met by other special means.

It should be noted, however, that although the shortage of United States dollars was alleviated in 1943, Canada's current account with the United States dollar area was only brought relatively close to equilibrium, for the first time since 1937, and the current account with the United States alone still showed a debit balance of \$19 million, since large parts of the receipts of United States dollars were either on capital account or derived from transactions with other

countries.

The current account with the United States in 1943 and earlier years should also be considered in relation to the termination of the financial aspects of the Hyde Park Agreements and the accompanying financial settlements in 1944. As announced by the Minister of Finance in the House of Commons on April 21, 1944# -

".....During 1943, unanticipated developments, not related to the Hyde Park declaration, served to increase our supply of United States exchange beyond expectations, in spite of the steps taken to offset its expansion. The arrangement which was concluded with the United Treasury last month covered, therefore, a series of measures, to be taken by Canada, intended to reduce our balances to the agreed range. In addition to immediate payment for certain past purchases of United States equipment and supplies for which bills had not yet been presented, the Canadian government has undertaken to reimburse the United States for all the airfields constructed by the United States government in Canada and for the telephone line from Edmonton to the Alaska boundary also built by the United States government..... Further, a number of contracts placed by the United States army and navy in Canada will be cancelled. This procedure affects, of course, only a relatively small part of the United States contracts placed in Canada....."

In so far as these payments were for liabilities incurred in 1943 or earlier or were reimbursements for United States expenditures in Canada in 1943 or earlier, they would, from some points of view, represent additions to the current account deficits incurred with the United States in the same years. But since the balance of payments statements reflect cash payments the special payments to the United States in 1944 will be included in the statement for 1944 rather than in the earlier years.

CURRENT ACCOUNTS BETWEEN CANADA AND ALL COUNTRIES

(See Table I)

In 1943 total credits on current account with all countries of \$4,064 million exceeded total current debits of \$2,858 million by \$1,206 million. This balance compares with credit balances on current account of \$1,101 million in 1942, \$491 million in 1941 and \$126 million in 1939. The moderate increase in the credit balance in 1943 was due to a sharp increase in total debits as well as in credits whereas in the earlier years of the war credits were expanding much more rapidly than debits. The increase in current payments to the Sterling Area which exceeded the gain in credits in the same account, was particularly notable. Credits, debits and balance are, of course, at record levels and reflect the great expansion in the Canadian economy with the export of war production to the many theatres of war throughout the world.

It should be pointed out that the existence of these large credit balances on current account has not turned Canada into a creditor country on international investment account. Canada has, in fact, had credit balances on current account each year since 1933. Large parts of the credit balances in recent years do not give rise to any increases in Canadian assets abroad or decreases in Canadian liabilities abroad as is evident from the description of the balance of payments with the Sterling Area which appears later in this report.

External investments in Canada still exceed Canadian investments abroad by a very large margin. Before the war, British and foreign investments in Canada #House of Commons Debates, April 21, 1944 p. 2290, 2291

were estimated at \$6,765 million as at the end of 1937 and Canadian investments abroad were placed at \$1,758 million, making a net indebtedness of about \$5 billion. While there has been a sharp drop in British investments in Canada arising mainly out of the official repatriations in the early years of the war, there have been some substantial increases in United States investments in Canada during the war. American holdings of Canadian bonds have expanded as a result of the record levels of sales of outstanding bonds to the United States in the last few years. The value of United States investments in Canada has also increased with reinvestments of earnings. Accompanying this increase in United States investments in Canada there has been a steady liquidation by Canadians of holdings of United States securities.

As a result of these various changes, Canada's balance of long-term indebtedness at the present time is still very substantial. Indicative of the debtor position is the net payment of interest and dividends to external investors of \$202 million which were made in 1943.

Table I - Current Account between Canada and All Countries

(millions of dollars)			
Year	Credits	Debits	Net Credits
1937	1,593	1,413	+ 180
1938	1,361	1,261	+ 100
1939	1,457	1,331	+ 126
1940	1,766	1,627	+ 149
1941	2,458	1,967	+ 491
1942	3,376	2,275	+1101
1943	4,064	2,858	+1206

In order to reveal the financial and foreign exchange aspects of the international accounts produced by these wartime changes, it is necessary to divide the balance of payments statements into two clearly defined divisions for the reasons which have already been discussed, - the balance of payments between Canada and the Sterling Area, and the balance of payments between Canada and the rest of the world, with which Canada's dealings are on a United States dollar basis. Separate statements are therefore shown for transactions with Empire Countries and Non-Empire Countries. Insofar as was possible, the statement for Empire Countries represents the Sterling Area and the statement for Non-Empire Countries represents the United States dollar area during the war years. In the period before the introduction of exchange control by the nations of the British Commonwealth in September, 1939, the division into the two areas has less significance from a currency point of view, being only a division between Empire and Non-Empire countries.

CURRENT ACCOUNT WITH EMPIRE COUNTRIES

(See Tables II to IV)

The dominant characteristic of the balance of payments between Canada and the Sterling Area, a large excess of Canadian exports and other sources of balance of payments credits over imports and other debits, was again pronounced in 1943. But due to the sharp increase in the overseas expenditures of the Dominion government in connection with the Canadian forces overseas the net credits on current account in 1943 were \$1,216 million compared with \$1,269 million in 1942, \$805 million in 1941, \$419 million in 1940 and \$176 million in 1939.

Table 2 - Current Account between Canada and Empire Countries

(millions of dollars)			
Year	Credits	Debits	Net Credits
1937	565	406	+ 159
1938	508	337	+ 171
1939	502	326	+ 176
1940	822	403	+ 419
1941	1,321	516	+ 805
1942	1,826	557	+1269
1943	2,066	850	+1216

Total credits in the account with Empire countries continued to expand in 1943. The principal change occurred in merchandise exports which again increased considerably, but less rapidly than in 1942. While the gains were distributed among most commodities there was more concentration of the increases in munitions and food than in raw materials or other commodities. It should be noted, however, that these exports did not all give rise to British payments to Canada as the figures include as well as cash purchases the substantial amounts of munitions and food and other commodities which were supplied as Mutual Aid to the United Kingdom and Australia in 1943. For purposes of accounting goods and services provided as Mutual Aid are included as credits in the current account of the balance of payments and offset as debits in the special item representing expenditures by the Canadian Mutual Aid Board. Information on the detailed operations of the Board and its program and objectives will be found in the report of the Canadian Mutual Aid Board, May 20, 1943 to March 31, 1944. The total value of exports on Empire account, \$1,763 million in 1943, compares with exports to Empire countries of \$436 million in 1939. Exports on Canadian account such as equipment for the Canadian army in the United Kingdom are not included. Credits on account of freight and shipping also increased in 1943, a general reflection of a larger movement of commodities which resulted in larger payments for inland freight on exports and heavier shipping expenditures in Canadian ports. Other expenditures on war services in Canada were slightly less than in 1942. Reduced cash contributions to air training were partly offset by larger payments on account of internment operations and various other services. It should be noted that the United Kingdom has incurred liabilities in connection with air training which have not yet been settled.

Total debits in the current account with Empire countries increased more sharply in 1943 than in any earlier year being \$850 million compared with \$557 million in 1942 and \$326 million in 1939. The increase was almost entirely due to the expansion in the expenditures overseas on account of the Canadian forces abroad which more than doubled in 1943, being \$499 million compared with \$191 million in 1942. A large element in the increase arose from the assumption by Canada in 1943 of the capital cost and maintenance of 35 additional overseas squadrons of the Royal Canadian Air Force. Other expenditures also were higher as the number of men overseas increased. Imports from Empire countries which had formerly been the principal source of debits declined to \$200 million in 1943 and were evenly divided between the United Kingdom and other Empire countries. This total was still higher than in 1939, however, when imports from Empire countries were \$177 million. The comparable figures in succeeding years were \$236 million in 1940, \$273 million in 1941 and \$226 million in 1942. These imports do not include goods which are not purchased by Canada; such as contributions in kind made by the Government of the United Kingdom to the Combined Air Training Organization and the equipment imported for the R. A. F. Special Schools in Canada. Payments to Empire countries on

account of freight and shipping were at about the same level in 1943 as in 1942 but higher than before the war, increased costs of ocean transportation being reflected. Interest and dividend payments of \$52 million in 1943 were likewise about the same level as in 1942. This marks a sharp decline from the pre-war level, however, when interest and dividends paid on British investments in Canada ranged from \$87 million in 1937 to \$80 million in 1939. The decline is principally 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.

The current account with the Sterling Area, shown in the various accompanying tables, is divided into transactions between Canada and the United Kingdom and Canada and Other Empire Countries. Generally, exports which were originally made on British account and were later diverted to other countries have been included in the statement of transactions between Canada and the United Kingdom. The statements with Other Empire Countries therefore generally reflect transactions originally made on their own account except in 1940 when exports on British account shipped to Egypt and other Empire Countries were included in the statements with Other Empire Countries. Analysis of official expenditures on war production has enabled this division to be made more satisfactorily for the years from 1941 on.

CAPITAL ACCOUNT TRANSACTIONS WITH EMPIRE COUNTRIES

Capital receipts by Canada from Empire Countries in 1943 amounted to \$20 million. The principal part of this was made up of repayments by the Government of the United Kingdom on the \$700 million loan. Private capital receipts were relatively small and represented transactions such as distributions of estates and trusts.

Gross capital debits amounted to \$586 million in 1943, exclusive of Mutual Aid and the special purchase of United States dollars. Of this amount \$71 million represents privately financed capital payments by Canada. Private retirements of securities, purchases of securities, repayments of mortgages and loans, settlements of estates and trusts and insurance company transactions make up most of this \$71 million. The remaining \$515 million is composed of debits connected with official transactions which are shown in detail in Table 3.

Mutual Aid, of course, was the principal means of meeting the residual needs of Empire countries in 1943. As already explained, this aid took the form of shipments of food and munitions to the United Kingdom and Australia, the costs of which were met out of the Mutual Aid Appropriation. Expenditures by the Mutual Aid Board in 1943 for goods and services allocated to the United Kingdom and Australia were \$302 million. But besides Mutual Aid there were the substantial capital debits on government account totalling \$515 million which also contributed towards financing the residual needs of the United Kingdom. The largest part of this total originates in the payments to the United Kingdom government in connection with the repatriation of production assets. Payments for the British equity in the fixed capital of munitions plants constructed during the war amounted to \$205 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 only resulted in a further transfer of \$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. A summary of capital transactions between Canada and Empire Countries, between 1939 and 1943, appears in Table 3.

Table 3 - Capital Transactions between Canada and Empire Countries

	1939	1940	1941	1942	1943
(millions of Canadian dollars)					
<u>Capital Credits</u>					
Decrease in £ balances	-	-	-	818	-
Other credits	97	116	181	66	20
Total credits	97	116	181	884	20
<u>Capital Debits</u>					
Private transactions	105	111	73	59	71
Official transactions -					
Repatriation of securities	75	137	189	296	4
Repatriation of production					
Assets - Fixed capital	-	-	-	-	205
Working capital	-	-	-	-	190
Increase in £ balances	-	82	728	-	-
Special loan to United Kingdom	-	-	-	700	-
Special payments	-	-	-	74	116
Total debits as above	180	330	990	1,129	586
Special Gold and United States dollar Transactions	2	248	-	23	143
Billion Dollar Contribution	-	-	-	1,000	-
Mutual Aid (1)	-	-	-	-	502(1)

CURRENT TRANSACTIONS WITH NON-EMPIRE COUNTRIES

(See Tables V - VII)

It should be noted that while the current account shown in the statements for Non-Empire countries reflects the balance of transactions with these countries it does not exactly reflect the current balance of United States dollar transactions. In 1943, besides including transactions in Canadian dollars with the United States dollar area it includes some special transactions. For example, credits are shown in the current account with other foreign countries to reflect Mutual Aid to Russia and the gift of wheat to Greece which are offset by special debit entries outside of the current account. Similarly, there are debit entries in the current account with other foreign countries representing mainly personal remittances which are not made in United States dollars or related currencies. These debits are offset by adjusting credits in the capital account with Non-Empire countries.

(1) The amount of expenditures from the Mutual Aid appropriation in 1943.

Table 4 - Current Account between Canada and Non-Empire Countries

(millions of Canadian dollars)

Year	Credits Total Non-Empire	Debits Total Non-Empire	Net Balances		
			Total Non Empire	United States	Other Foreign
1937	1,028	1,007	+ 21	- 77	+98
1938	853	924	- 71	-149	+78
1939	955	1,005	- 50	-116	+66
1940	954	1,224	-270	-232	+22
1941	1,137	1,451	-314	-318	+ 4
1942	1,550	1,718	-168	-180	+12
1943	1,998	2,008	- 10	- 19	+ 9

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 with the large sales of grain, the transition in the current account mainly took place 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 during the war has been the primary factor in the expansion in payments to the United States dollar area. Imports from the United States have grown steadily from \$472 million in 1939 to \$702 million in 1940, \$910 million in 1941, \$1,116 million in 1942 and \$1,311 million in 1943. Imports on British or other Allied account which are not paid for by Canada, are excluded from these figures. 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. But as munitions production has expanded imports of materials, fuel and components have grown rapidly and represent a major part of the increases in 1942 and 1943. An important part of these United States dollar requirements arises from the United States dollar content of production in Canada for the United Kingdom and other overseas countries. 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. While the high level of civilian incomes has led to heavy demands for commodities imported from the United States, the range of these has been limited by the War Exchange Conservation Act and the short supply of many civilian goods. The value of imports from other foreign countries has not fluctuated widely between 1937 and 1943. The United States, however, has, in recent year, become the source of supply of some commodities formerly imported from overseas.

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 when exports were \$974 million and \$1,286 million, respectively, in contrast with \$634 million in 1941. The gains in earlier years were more moderate, exports to non-Empire countries in

1939 being \$470 million, and in 1940, \$503 million. The increases in exports to the United States have been greater than to all non-Empire countries, however, as export credits from other foreign countries have declined each year. The great increase in exports in 1942 and 1943 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. Exports resulting from the agreements first became substantial in 1942 when deliveries of munitions, metals and war production rapidly expanded. The Hyde Park element in the total exports to the United States is covered by the cash received for deliveries of production rather than the value of exports since the goods themselves were not all shipped to destinations in the United States. Some repayments and capital advances in connection with production under the agreements, received in 1941 and 1942, have been entered as credits in the capital account to be offset as deliveries or repayments take place. It is notable, however, that although Hyde Park receipts provided a very large new source of export credits 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 in both 1942 and 1943. In the latter year, a large portion of the receipts originated in the extraordinarily large sales of Canadian wheat and feed grains to the United States which had attained an unprecedented volume by the end of the year.

Net exports of non-monetary gold produced an equivalent of \$142 million Canadian in 1943 compared with \$184 million in 1942 and \$204 million in 1941. This reflects the sharp decline in gold production resulting from manpower transfers and higher costs of production.

Tourist and travel expenditures yielded net credits of \$53 million in 1943 compared with \$55 million in 1942 and \$90 million in 1941. While total receipts and payments both increased in 1943 the rise in payments was slightly larger, reducing the credit balance. The principal reason for the decline in net receipts in 1942 and 1943 from the level of 1941 and earlier years was the sharp contraction in automobile travel. The decline in the expenditures by automobile travellers in 1943, however, was more than offset by increases in the expenditures of persons travelling by rail with the result that total American travel expenditures in Canada were \$87 million in 1943 compared with \$79 million in 1942. Canadian travel expenditures in the United States increased from \$24 million in 1942 to \$34 million in 1943, - a probable reflection of increased business and military travel. While the expenditures in Canada of travellers from all non-Empire countries were considerably higher in the three pre-war years than in any year since, being estimated at \$154 million in 1937, Canadian travel expenditures in **non-Empire** countries were also higher before the war, being estimated at \$69 million in 1937. During the war, Canadian expenditures involving the use of United States dollars have been sharply reduced as a result of the official restrictions on pleasure travel introduced in July, 1940. These restrictions were lessened in May, 1944 as a result of the improved United States dollar situation.

Net payments to the United States dollar area on account of interest and dividends were \$155 million in 1943 compared with \$159 million in 1942 and \$163 million in 1941. There were declines in both receipts and payments in 1943. The principal reason for the decline in receipts was the reduced income from direct investments in the United States which had been unusually heavy in 1942. Total payments of interest and dividends on investments in Canada owned by residents of the United States dollar area were also lower in 1943, being \$205 million compared with \$215 million in 1942. The decline in dividend payments was greater than this during 1943 since interest payments continued to increase as a result of the heavy purchases of outstanding Canadian bonds by United States investors in recent years. The net debits of \$155 million in 1943 compare with the pre-war figures of \$146 million in

1937, \$163 million in 1938 and \$174 million in 1939.

A further expansion occurred in the net debits on account of freight and shipping with the United States dollar area in 1943. Net debits were \$107 million in 1943 compared with \$85 million in 1942, \$65 million in 1941 and a pre-war level of \$21 million in 1939. The volume of imports which has risen each year of the war is one of the chief reasons for the steady expansion in debits. Growing imports of coal and metal products have been responsible for a large part of the inland freight. Besides the freight on imports for consumption there has been freight on goods imported in connection with United States activities in Northwestern Canada such as the Alaska Highway and Canol projects. Payments for ocean freight increased sharply in 1942 and 1943 with the rise in the costs of ocean transportation. The earnings of Canadian railways from freight on exports have also grown rapidly in recent years. There have also been substantial receipts for freight on goods carried to Northwestern Canada for the United States army. The receipts which Canada has from in transit traffic have also grown. Although gross credits have increased sharply, however, the gains in debits have been greater with the consequent growth in the balance of debits on freight account.

All other current transactions resulted in a credit balance of \$149 million in 1943 compared with a credit balance of \$43 million in 1942 and substantial debit balances in preceding years. As it includes some non-recurring items the composition of this item varies in the different years. Wartime factors were responsible for the credit balance in 1943. The expenditures by the United States government on the construction of the Alaska Highway, airfields, the Canol project and other undertakings in Canada were particularly heavy and were the reason for such unusually large receipts of United States dollars as activities on these projects were at their peak in 1943. It should be noted that part of the United States government expenditures in Canada were paid back in 1944 when Canada reimbursed the United States for the airfields and telephone line in the financial settlements already referred to. Newfoundland's balance of United States receipts which are included in the item were also unusually heavy in 1942 and 1943, mainly because of expenditures of the United States government on bases in Newfoundland. A further description of the content of this item is given in the statistical notes.

CAPITAL TRANSACTIONS WITH 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. Redemptions 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

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 declaration, which involved substantial payments out of accumulated balances. There is also a debit entry in the capital account offsetting the gift of wheat to Greece by the Canadian government.

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 even 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 substantial also, 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 also substantial. The liquidation of Canadian holdings of United States securities was also heavier in 1943 than in immediately preceding years. Most of these took the form of sales of United States stocks.

Capital credits also originated in various increases in other forms of United States investments in Canada and decreases in other forms of Canadian 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. There were also credits to account for various exchange adjustments arising, mainly, out of transactions with the Sterling Area.

There were special receipts of United States dollars from the United Kingdom amounting to \$143 million on balance in terms of Canadian dollars in 1943. These receipts were a means of settling part of the British deficiency of Canadian dollars.

Table 5 - Capital Transactions Between Canada and Non-Empire Countries

(millions of dollars)

	1937	1938	1939	1940	1941	1942	1943
New issues of Canadian securities	86	38	155	-	(2)	(2)	146
Retirements of Canadian securities	140	79	131	41	31(2)	25(2)	308
Net new issues (+) or net retirements (-)	-54	-41	+24	-41	-31	-25	-162
Net Sales (+) or Net Purchases (-) of Outstanding Securities							
Canadian securities	-18	+48	+69	+15	+46	+135	+256
United States and foreign	- 7	- 7	+18	+18	+28	+ 24	+ 44
Other Capital Movements and Adjusting Entries							
Credits	418(1)	277(1)	219(1)	134	311	192	211
Debits	487(1)	336(1)	383(1)	100	42	189	466
Gross Credits	504	356	461	167	385	351	657
Gross Debits	652	415	514	141	73	214	774

(1) Including offsetting security transactions amounting to 400 in 1937, 276 in 1938 and 203 in 1939. In the period of exchange control such transactions are omitted as purchases represent, in the main, switches of securities.

(2) Excluding refunding issues.

STATISTICAL NOTES

Merchandise Trade

While export and import statistics are the principal source used for this item, they have been adjusted to bring them more into conformity with payments in the two currency areas into which the balance of payments statements are divided.

Where data on international payments for war supplies through official channels were available these have been substituted for the value of goods exported. Thus, in the years 1941 to 1943, British payments through official channels for war supplies and food, and payments by the United States government for war supplies and metals exported under the Hyde Park agreements have been entered as credits in the merchandise account rather than the value of the goods exported. Similarly, in 1943 the expenditures from the Mutual Aid Appropriation on account of the various countries are reflected rather than the commodities exported. Since war supplies purchased by the British and United States governments have been shipped to various destinations this substitution of financial data on payments for the value of goods shipped has been a major adjustment necessary in the construction of balance of payments statements with the two currency areas in 1941, 1942 and 1943. The figures in the merchandise item of the tables are accordingly indicative of international payments rather than of shipments of goods to the various countries and areas. Exports are also adjusted on account of wheat and other grain movements for storage. Trade between Canada and Newfoundland has been excluded and shipments of merchandise on Canadian account such as equipment and supplies for the Canadian forces overseas, Red Cross supplies and private gifts have also been deducted from the exports as no foreign exchange accrues from these transactions.

Imports of merchandise into Canada for the account of British or Allied Governments have also been deducted from the trade figures. These deductions cover such imports as goods which the British government has shipped to Canada as part of its contribution to the Combined Air Training Organization and equipment and supplies for the R. A. F. Special Schools in Canada before their absorption into the combined organization. Imports from the United States which have been deducted, are principally made up of aircraft, aircraft engines and parts and other military equipment, and materials for British or Allied organizations in Canada which are not paid for by Canada. Imports are adjusted for warehousing and for over-valuation. In 1943 payments made on account by the Canadian government for military equipment and supplies purchased in the United States under the "Canpay" procedure are reflected in the item of imports from the United States rather than the goods imported during the period. Under this procedure certain goods are purchased from the government of the United States through the Office of Lend Lease Administration for reasons of procurement and priority.

As a result of these adjustments, the merchandise item is more representative of the international payments made between Canada and the various countries and areas shown during the periods covered. There is still, however, the possibility of divergencies between the time of payment and the time of import or export in the large volume of trade which continues to flow through private channels although some adjustment for these in the case of intracompany transactions appears elsewhere in the balance of payments.

Net Exports of Non-Monetary Gold

This item is the value of "Net Exports of Non-Monetary Gold" as computed by the Bank of Canada and explained on page 152 of the September, 1939, Bank of Canada

Statistical Summary. The figures correspond roughly to the value of current production in Canada. The total net exports have been shown in the current account with the United States although in the pre-war period there were some exports of gold to overseas countries arising out of temporary market conditions.

Tourist Expenditures

Estimates of tourist expenditures have been greatly improved in recent years. Through the cooperation with the Dominion Bureau of Statistics of the Customs Division of the Department of National Revenue and the Immigration Branch of the Department of Mines and Resources new methods of estimating tourist expenditures, first introduced in 1940, have resulted in a greater volume of data than was formerly available. In 1941, a more extensive organization of tourist statistics procedure was undertaken. Progress was made, especially in the estimation of the expenditures of automobile tourists. A more uniformly classified count of the automobile traffic was obtained as a basic record of traffic. In addition, larger and more representative samples of tourist expenditures were collected. In 1943, 82% of all the United States motorists entering Canada on a travellers' vehicle permit reported their total expenditures in Canada. At the same time, a sample of approximately 52% was obtained from short-term local United States tourists crossing into Canada. Virtually all of the expenditures of Canadian motorists in the United States were also covered by a sample which exceeded 97% of the total traffic.

The estimates of expenditures in the years, 1937, 1938 and 1939 have been revised in the light of information accumulated in recent years, whereas the estimates for 1940 - 1943 directly reflect the new procedure developed in 1941. In the revision of the pre-war years the new data on expenditures accumulated during the war have been related to the statistics on the volume of traffic before the war. Since this method has some arbitrary aspects the resulting estimates for the pre-war years have not as substantial a basis as the estimates for later years. It is believed, however, that they are fairly representative of the level of expenditures in the pre-war years. The new estimates point to much lower levels of expenditures in the pre-war years, particularly in the case of expenditures of United States travellers in Canada, than the estimates originally published.

Interest and Dividends on Securities

This item is limited to interest on bonds and debentures and dividends paid on stock. The earnings of externally owned concerns which are reinvested in Canada are not included. Some remittances of income on investments other than securities, for which data are available for the period from 1940 to 1943 for the first time, have been included in the item "All Other Current Transactions". Estimates of these miscellaneous income items have been included in the latter item for the pre-war years as well.

Revenue accruing to residents of enemy occupied and proscribed territory from investments in Canada, is entered as a debit in the interest and dividend item, and offset by a credit entry in the capital account.

Freight and Shipping

This item includes estimates covering ocean shipping operations, freight paid to United States railways on imports, inland freight earned by Canadian transportation companies carrying exports to the United States border or Canadian ocean ports, revenue received by Canada from intransit traffic, and payments for marine and war-risk insurance on goods imported into Canada from overseas. The accounts between the two currency areas have been adjusted to allow for the U. S. dollar

cost of prepaid freight on exports to the Sterling Area.

Ocean shipping transactions include: freight paid to British or foreign ships on imports, expenditures abroad on account of Canadian ships, payments by Canadian companies for the charter of British or foreign ships, earnings of Canadian ships on exports and on traffic between foreign ports, revenue of Canadian companies from the charter of ships and expenditures in Canada on account of British and foreign ships.

All Other Current Transactions

This item includes government expenditures, a wide range of miscellaneous transactions mostly in the field of services, and some unusual transactions which have occurred since the war, and which are not readily classified in any other item. In comparisons of this item from one year to another, its varied composition should be taken into consideration. The treatment of some types of transactions also varies during the period, the net balance being entered in some years and the gross transactions in others.

Government expenditures are more important in the years 1941 - 1943 than in previous years and represent the bulk of the item in the account with Empire Countries in these years. The expenditures of the Dominion government in connection with the maintenance of the Canadian armed forces overseas is the most important part of the government expenditures among the debits, and the expenditures of the British government on air training and other wartime activities in Canada, and the expenditures of Australia and New Zealand on air training are the most important among the credit entries for government expenditures in the account with Empire Countries. Payments by the Canadian government for imports of goods and by the British or Allied governments for goods exported, are, of course, not included in this item as they are part of the item "Merchandise Trade". Nor does this item include government transactions belonging to the capital account such as official repatriations, changes in official balances and capital expenditures by the United Kingdom Government.

Also included are variable transactions such as Newfoundland's balance of United States dollar receipts which, from 1941 to 1943, were heavier than usual owing to the expenditures of the United States Government on bases in Newfoundland. The expenditures of the United States Government on the Alaska Highway and other developments in Canada are also an important source of credits included in 1942 and 1943. In the latter year these expenditures were so heavy that they became a dominant element in the credit item.

Among the miscellaneous transactions which have been consolidated into this item are personal and immigrant remittances, religious and benevolent remittances, war funds and other private remittances to the armed forces overseas, motion picture and other royalties, earnings of Canadian residents employed in the United States and United States residents employed in Canada, commercial and financial services, telegraph and cable, professional, technical and management services, operating expenses of offices and agencies, and other sundry services. While these personal remittances and service transactions constituted the bulk of the item before the war they now represent a minor part due to the great expansion in government expenditures on services mentioned above.

The item also includes miscellaneous remittances of income for which data first became available from sources developed in 1940. These remittances cover interest on mortgages and loans, rents, crop share rentals, profits from speculation and certain types of business, income received by Canadians from foreign

estates and trusts, etc. Estimates of this miscellaneous income have been included for the pre-war years as well.

Balancing Item

This is a balancing item between the current and capital accounts, and is a reflection of errors or omissions in the statements since in a perfect balance of payments statement, the net balances in the current account and the capital account would exactly offset one another. In the years 1940 to 1943 this relationship exists in the accounts with the Empire and the Non-Empire as well as in the statement with all countries due to exchange control and the consequent existence of two distinct accounts. In the years 1937 to 1939 this relationship only applies to the statement for all countries since in the period before exchange control, balances in the account with sterling area countries were freely convertible into United States dollars.

While the causes of the residual cannot be identified with certainty there have been situations apparent from time to time which appear to have contributed to the residual. Factors connected with the relationships between the movement of goods and payments are particularly elusive. In 1937, however, it is likely that the heavy exports in that year, particularly of newsprint, which were not all paid for in 1937, contributed to the residual which indicated a surplus of credits. In 1938 and 1939 it is possible that the shortage of credits suggested by the residual is partly the result of imports of refugee capital from Europe not being completely reflected in the statement. It is not improbable that the large residual with the Sterling Area in 1940 is a reflection of some working capital advances by the British Government to contractors in Canada in the early stages of the war production program which were not all covered in the statement.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE I

TRANSACTIONS BETWEEN CANADA AND ALL COUNTRIES.
(Millions of Canadian dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CREDITS - WITH ALL COUNTRIES							
Merchandise exports-after adjustment	1,041	844	906	1,202	1,732	2,515	3,050
Net exports of non-monetary gold	145	161	184	203	204	184	142
Tourist and travel expenditures	166	149	149	104	111	81	88
Interest and dividends	76	66	57	52	60	67	59
Freight and shipping	112	95	102	138	185	221	288
All other current credits	53	46	59	77	166	308	437
Total Current Credits	1,593	1,361	1,457	1,776	2,458	3,376	4,064
Special Gold Transactions (2)	-	-	2	248	-	23	143
Capital Credits	622	458	558	283	566	1,235	677
B. DEBITS - WITH ALL COUNTRIES							
Merchandise imports-after adjustment	776	649	713	1,006	1,264	1,406	1,579
Tourist and travel expenditures	87	86	81	43	21	26	36
Interest and dividends	302	307	306	313	286	270	261
Freight and shipping	137	105	119	132	167	228	294
All other current debits	111	114	112	133	229	345	688
Total Current Debits	1,413	1,261	1,331	1,627	1,967	2,275	2,858
Special Gold Transactions (2)	-	-	2	248	-	23	143
Capital Debits	794	570	694	471	1,063	1,343	1,360
Billion Dollar Contribution	-	-	-	-	-	1,000	-
Mutual Aid	-	-	-	-	-	-	511
C. NET BALANCES - WITH ALL COUNTRIES							
Merchandise trade-after adjustment	+ 265	+ 195	+ 193	+ 196	+ 468	+1,109	+1,471
Net exports of non-monetary gold	+ 145	+ 161	+ 184	+ 203	+ 204	+ 184	+ 142
Tourist and travel expenditures	+ 79	+ 63	+ 68	+ 61	+ 90	+ 55	+ 52
Interest and dividends	- 226	- 241	- 249	- 261	- 226	- 203	- 202
Freight and shipping	- 25	- 10	- 17	+ 6	+ 18	- 7	- 6
All other current transactions	- 58	- 68	- 53	- 56	- 63	- 37	- 251
Total Current Account	+ 180	+ 100	+ 126	+ 149	+ 491	+1,101	+1,206
Special Gold Transactions (2)	-	-	-	-	-	-	-
Capital Accounts	- 172	- 112	- 136	- 188	- 497	- 108	- 683
Billion Dollar Contribution	-	-	-	-	-	-1,000	-
Mutual Aid	-	-	-	-	-	-	511
Balancing Item (1)	- 8	+ 12	+ 10	+ 39	+ 6	+ 7	- 12
	- 180	- 100	- 126	- 149	- 491	-1,109	-1,206

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically.

(2) This represents gold or United States dollars received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943

TABLE II

TRANSACTIONS BETWEEN CANADA AND EMPIRE COUNTRIES.
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CREDITS - WITH EMPIRE COUNTRIES							
Merchandise exports-after adjustment	493	442	436	699	1,098	1,541	1,763
Tourist and travel expenditures	12	10	9	6	3	2	1
Interest and dividends	7	5	5	3	5	7	5
Freight and shipping	45	43	43	76	119	127	148
War Services	-	-	-	20	74	130	128
All other current credits	8	8	9	18	22	19	21
Total Current Credits	565	508	502	822	1,321	1,826	2,066
Capital Credits	118	102	97	116	181	884	20
B. DEBITS - WITH EMPIRE COUNTRIES							
Merchandise imports-after adjustment	235	184	177	236	279	226	200
Tourist and travel expenditures	18	17	13	3	3	2	2
Interest and dividends	87	83	80	76	68	51	52
Freight and shipping	47	34	39	36	36	49	47
Canadian Overseas expenditures	-	-	-	29	97	191	499
All other current debits	19	19	17	23	33	38	50
Total Current Debits	406	337	326	403	516	557	850
Special Gold Transactions ⁽²⁾	-	-	2	248	-	23	143
Capital Debits	142	155	180	330	990	1,129	586
Billion Dollar Contribution	-	-	-	-	-	1,000	-
Mutual Aid	-	-	-	-	-	-	502
C. NET BALANCES - WITH EMPIRE COUNTRIES							
Merchandise trade-after adjustment	+ 258	+ 258	+ 259	+ 463	+ 819	+1,315	+1,563
Tourist and travel expenditures	- 6	- 7	- 4	+ 3	-	-	1
Interest and dividends	- 80	- 78	- 75	- 73	- 63	- 44	- 47
Freight and shipping	- 2	+ 9	+ 4	+ 40	+ 83	+ 78	+ 101
All other current transactions	- 11	- 11	- 8	- 14	- 34	- 80	- 400
Total Current Account	+ 159	+ 171	+ 176	+ 419	+ 805	+1,269	+1,216
Special Gold Transactions ⁽²⁾	-	-	- 2	- 248	-	- 23	- 143
Capital Account	- 24	- 53	- 83	- 214	- 809	- 245	- 566
Billion Dollar Contribution	-	-	-	-	-	-1,000	-
Mutual Aid	-	-	-	-	-	-	502
Balancing Item ⁽¹⁾	(1)	(1)	(1)	+ 43	+ 4	- 1	- 5
				- 419	- 805	-1,269	-1,216

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically. In the statements of transactions with Empire Countries and with Non-Empire Countries it reflects multilateral settlements in the period before exchange control.

(2) This represents gold and United States dollars received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE III

CURRENT TRANSACTIONS BETWEEN CANADA AND THE UNITED KINGDOM
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CURRENT CREDITS - WITH THE UNITED KINGDOM							
Merchandise exports-after adjustment	385	337	332	542	914	1,424	1,636
Tourist and travel expenditures	11	8	7	5	2	2	1
Interest and dividends	2	2	2	2	4	5	4
Freight and shipping	38	34	34	60	110	114	128
All other current credits	8	8	9	27	63	112	120
Total Current Credits	444	389	384	636	1,093	1,657	1,889
B. CURRENT DEBITS - WITH THE UNITED KINGDOM							
Merchandise imports-after adjustment	148	119	106	133	137	116	100
Tourist and travel expenditures	16	15	11	2	2	2	2
Interest and dividends	85	81	78	74	66	50	51
Freight and shipping	43	30	36	32	28	41	40
All other current debits	17	17	16	52	126	225	547
Total Current Debits	309	262	247	293	359	434	740
C. NET CURRENT BALANCES - WITH THE UNITED KINGDOM							
Merchandise trade-after adjustment	+ 237	+ 218	+ 226	+ 409	+ 777	+1,308	+1,536
Tourist and travel expenditures	- 5	- 7	- 4	+ 3	-	-	1
Interest and dividends	- 83	- 79	- 76	- 72	- 62	- 45	- 47
Freight and shipping	- 5	+ 4	- 2	+ 28	+ 82	+ 73	+ 88
All other current transactions	- 9	- 9	- 7	- 25	- 63	- 113	- 427
Total Current Account	+ 135	+ 127	+ 137	+ 343	+ 734	+1,223	+1,149

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE IV

CURRENT TRANSACTIONS BETWEEN CANADA AND OTHER EMPIRE COUNTRIES
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CURRENT CREDITS - WITH OTHER EMPIRE COUNTRIES							
Merchandise exports-after adjustment	108	105	104	157	184	117	127
Tourist and travel expenditures	1	2	2	1	1	(1)	(1)
Interest and dividends	5	3	3	1	1	2	1
Freight and shipping	7	9	9	16	9	13	20
All other current credits	(1)	(1)	(1)	11	33	37	29
Total Current Credits	121	119	118	186	228	169	177
B. CURRENT DEBITS - WITH OTHER EMPIRE COUNTRIES							
Merchandise imports-after adjustment	87	65	71	103	142	110	100
Tourist and travel expenditures	2	2	2	1	1	(1)	(1)
Interest and dividends	2	2	2	2	2	1	1
Freight and shipping	4	4	3	4	8	8	7
All other current debits	2	2	1	(1)	4	4	2
Total Current Debits	97	75	79	110	157	123	110
C. NET CURRENT BALANCES - WITH OTHER EMPIRE COUNTRIES							
Merchandise trade-after adjustment	+ 21	+ 40	+ 33	+ 54	+ 42	+ 7	+ 27
Tourist and travel expenditures	- 1	-	-	-	-	-	-
Interest and dividends	+ 3	+ 1	+ 1	- 1	- 1	+ 1	-
Freight and shipping	+ 3	+ 5	+ 6	+ 12	+ 1	+ 5	+ 13
All other current transactions	- 2	- 2	- 1	+ 11	+ 29	+ 33	+ 27
Total Current Account	+ 24	+ 44	+ 39	+ 76	+ 71	+ 46	+ 67

(1) Less than \$500,000

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE V.

TRANSACTIONS BETWEEN CANADA AND NON-EMPIRE COUNTRIES
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CREDITS - WITH NON-EMPIRE COUNTRIES							
Merchandise exports-after adjustment	548	402	470	503	634	974	1,287
Net exports of non-monetary gold	145	161	184	203	204	184	142
Tourist and travel expenditures	154	139	140	98	108	79	87
Interest and dividends	69	61	52	49	55	60	54
Freight and shipping	67	52	59	62	66	94	140
All other current credits	45	38	50	39	70	159	288
Total Current Credits	1,028	853	955	954	1,137	1,550	1,998
Special Gold Transactions ⁽²⁾	-	-	2	248	-	23	143
Capital Credits	504	356	461	167	385	351	657
B. DEBITS - WITH NON-EMPIRE COUNTRIES							
Merchandise imports-after adjustment	541	465	536	770	985	1,180	1,379
Tourist and travel expenditures	69	69	68	40	18	24	34
Interest and dividends	215	224	226	237	218	219	209
Freight and shipping	90	71	80	96	131	179	247
All other current debits	92	95	95	81	99	116	139
Total Current Debits	1,007	924	1,005	1,224	1,451	1,718	2,008
Capital Debits	652	415	514	141	73	214	774
Mutual Aid	-	-	-	-	-	-	9
C. NET BALANCES - WITH NON-EMPIRE COUNTRIES							
Merchandise trade-after adjustment	+ 7	- 63	- 66	- 267	- 351	- 206	- 92
Net exports of non-monetary gold	+ 145	+ 161	+ 184	+ 203	+ 204	+ 184	+ 142
Tourist and travel expenditures	+ 85	+ 70	+ 72	+ 58	+ 90	+ 55	+ 53
Interest and dividends	- 146	- 163	- 174	- 138	- 163	- 159	- 155
Freight and shipping	- 23	- 19	- 21	- 34	- 65	- 85	- 107
All other current transactions	- 47	- 57	- 45	- 42	- 29	+ 43	+ 149
Total Current Account	+ 21	- 71	- 50	- 270	- 314	- 168	- 10
Special Gold Transactions ⁽²⁾	-	-	+ 2	+ 248	-	+ 23	+ 143
Capital Account	- 148	- 59	- 53	+ 26	+ 312	+ 137	- 117
Mutual Aid	-	-	-	-	-	-	9
Balancing Item ⁽¹⁾	(1)	(1)	(1)	- 4	+ 2	+ 8	- 7
				+ 270	+ 314	+ 168	+ 10

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically. In the statements of transactions with Empire Countries and with Non-Empire Countries it reflects multilateral settlements in the period before exchange control.

(2) This represents gold and United States dollars received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE VI

CURRENT TRANSACTIONS BETWEEN CANADA AND THE UNITED STATES
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CREDITS - WITH THE UNITED STATES							
Merchandise exports-after adjustment	391	268	344	424	566	911	1,224
Net exports of non-monetary gold	145	161	184	203	204	184	142
Tourist and travel expenditures	149	134	137	98	107	79	87
Interest and dividends	31	25	27	29	39	43	34
Freight and shipping	45	39	46	49	64	92	137
All other current credits	42	36	42	31	65	152	274
Total Current Credits	803	663	780	834	1,045	1,461	1,898
B. DEBITS - WITH THE UNITED STATES							
Merchandise imports-after adjustment	463	400	472	702	910	1,116	1,311
Tourist and travel expenditures	65	66	67	40	18	24	34
Interest and dividends	211	218	220	233	214	215	205
Freight and shipping	68	55	61	78	131	179	247
All other current debits	73	73	76	73	90	107	120
Total Current Debits	880	812	896	1,126	1,363	1,641	1,917
C. NET BALANCES - WITH THE UNITED STATES							
Merchandise trade-after adjustment	- 72	- 132	- 128	- 278	- 344	- 205	- 87
Net exports of non-monetary gold	+ 145	+ 161	+ 184	+ 203	+ 204	+ 184	+ 142
Tourist and travel expenditures	+ 84	+ 68	+ 70	+ 58	+ 89	+ 55	+ 53
Interest and dividends	- 180	- 193	- 193	- 204	- 175	- 172	- 171
Freight and shipping	- 23	- 16	- 15	- 29	- 67	- 87	- 110
All other current transactions	- 31	- 37	- 34	- 42	- 25	+ 45	+ 154
Total Current Account	- 77	- 149	- 116	- 292	- 318	- 180	- 19

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1937 - 1943.

TABLE VII

CURRENT TRANSACTIONS BETWEEN CANADA AND OTHER FOREIGN COUNTRIES
(Millions of Canadian Dollars)

	1937	1938	1939	1940	1941	1942	1943
A. CREDITS - WITH OTHER FOREIGN COUNTRIES							
Merchandise exports-after adjustment	157	134	126	79	68	63	63
Tourist and travel expenditures	5	3	3	(1)	1	(1)	(1)
Interest and dividends	38	36	25	20	16	17	20
Freight and shipping	22	13	13	13	2	2	3
All other current credits	3	2	8	8	5	7	14
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Credits	225	190	175	120	92	89	100
B. DEBITS - WITH OTHER FOREIGN COUNTRIES							
Merchandise imports-after adjustment	78	65	64	68	75	64	68
Tourist and travel expenditures	4	3	1	(1)	(1)	(1)	(1)
Interest and dividends	4	6	6	4	4	4	4
Freight and shipping	22	16	19	18	(2)	(2)	(2)
All other current debits	19	22	19	8	9	9	19
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Debits	127	112	109	98	88	77	91
C. NET BALANCES - WITH OTHER FOREIGN COUNTRIES							
Merchandise trade-after adjustment	+ 79	+ 69	+ 62	+ 11	- 7	- 1	- 5
Tourist and travel expenditures	+ 1	+ 2	+ 2	-	+ 1	-	-
Interest and dividends	+ 34	+ 30	+ 19	+ 16	+ 12	+ 13	+ 16
Freight and shipping	-	- 3	- 6	- 5	+ 2	+ 2	+ 3
All other current transactions	- 16	- 20	- 11	-	- 4	- 2	- 5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Account	+ 98	+ 78	+ 66	+ 22	+ 4	+ 12	+ 9

(1) Less than \$500,000

(2) Included in amount shown for United States

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE VIII

Revised Statement, 1937
(Millions of Canadian \$)

<u>A. Canada and all Countries</u>	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>Current Account</u>			
Merchandise trade-after adjustment	1,041	776	+ 265
Net exports of non-monetary gold	145	-	+ 145
Tourist and travel expenditures	166	87	+ 79
Interest and dividends	76	302	- 226
Freight and shipping	112	137	- 25
All other current transactions	53	111	- 58
Totals - Current Account	1,593	1,413	+ 180
Capital Movements	622	794	- 172
Balancing Item (1)	-	8	- 8
	2,215	2,215	
<u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	493	235	+ 258
Tourist and travel expenditures	12	18	- 6
Interest and dividends	7	87	- 80
Freight and shipping	45	47	- 2
All other current transactions	8	19	- 11
Totals - Current Account - United Kingdom	444	309	+ 135
Other Empire Countries	121	97	+ 24
All Empire Countries	565	406	+ 159
Capital movements	118	142	- 24
Balancing Item (1)	(1)	(1)	
<u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	548	541	+ 7
Net exports of non-monetary gold	145	-	+ 145
Tourist and travel expenditures	154	69	+ 85
Interest and dividends	69	215	- 146
Freight and shipping	67	90	- 23
All other current transactions	45	92	- 47
Totals - Current Account - United States	803	880	- 77
Other Foreign Countries	225	127	+ 98
All Non-Empire Countries	1,028	1,007	+ 21
Capital Movements	504	652	- 148
Balancing Item (1)	(1)	(1)	

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically. In the statements of transactions with Empire countries and with Non-Empire countries it reflects multilateral settlements in the period before exchange control.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE IX

Revised Statement, 1938
(Millions of Canadian \$)

<u>A. Canada and All Countries</u>	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>Current Account</u>			
Merchandise trade-after adjustment	844	649	+ 195
Net exports of non-monetary gold	161	-	+ 161
Tourist and travel expenditures	149	86	+ 63
Interest and dividends	66	307	- 241
Freight and shipping	95	105	- 10
All other current transactions	46	114	- 68
Totals - Current Account	1,361	1,261	+ 100
Capital Movements	458	570	- 112
Balancing Item (1)	12	-	+ 12
	1,831	1,831	
 <u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	442	184	+ 258
Tourist and travel expenditures	10	17	- 7
Interest and dividends	5	83	- 78
Freight and shipping	43	34	+ 9
All other current transactions	8	19	- 11
Totals - Current Account - United Kingdom	389	262	+ 127
Other Empire Countries	119	75	+ 44
All Empire Countries	508	337	+ 171
Capital Movements	102	155	- 53
Balancing Item(1)	(1)	(1)	
 <u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	402	465	- 63
Net exports of non-monetary gold	161	-	+ 161
Tourist and travel expenditures	139	69	+ 70
Interest and dividends	61	224	- 163
Freight and shipping	52	71	- 19
All other current transactions	38	95	- 57
Totals - Current Account - United States	663	812	- 149
Other Foreign Countries	190	112	+ 78
All Non-Empire Countries	853	924	- 71
Capital Movements	356	415	- 59
Balancing Item(1)	(1)	(1)	

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically. In the statements of transactions with Empire countries and with Non-Empire countries it reflects multilateral settlements in the period before exchange control.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE X

Revised Statement, 1939
(Millions of Canadian \$)

<u>A. Canada and All Countries</u>	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>Current Account</u>			
Merchandise trade-after adjustment	906	713	+ 193
Net exports of non-monetary gold	184	-	+ 184
Tourist and travel expenditures	149	81	+ 68
Interest and dividends	57	306	- 249
Freight and shipping	102	119	- 17
All other current transactions	59	112	- 53
Totals - Current Account	1,457	1,331	+ 126
Special Gold Transactions (2)	2	2	-
Capital Movements	558	694	- 136
Balancing Item (1)	10	-	+ 10
	2,027	2,027	
 <u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	436	177	+ 259
Tourist and travel expenditures	9	13	- 4
Interest and dividends	5	80	- 75
Freight and shipping	43	39	+ 4
All other current transactions	9	17	- 8
Totals - Current Account - United Kingdom	384	347	+ 137
Other Empire Countries	118	79	+ 39
All Empire Countries	502	326	+ 176
Special Gold Transactions	-	2	- 2
Capital Movements	97	180	- 83
Balancing Item (1)	(1)	(1)	
 <u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	470	536	- 66
Net exports of non-monetary gold	184	-	+ 184
Tourist and travel expenditures	140	68	+ 72
Interest and dividends	52	226	- 174
Freight and shipping	59	80	- 21
All other current transactions	50	95	- 45
Totals - Current Account - United States	780	896	- 116
Other Foreign Countries	175	109	+ 66
All Non-Empire Countries	955	1,005	- 50
Special Gold Transactions (2)	2	-	+ 2
Capital Movements	461	514	- 53
Balancing Item (1)	(1)	(1)	

- (1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically. In the statements of transactions with Empire countries and with Non-Empire countries it reflects multilateral settlements in the period before exchange control.
- (2) This represents gold received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XI

Revised Statement, 1940
(Millions of Canadian \$)

<u>A. Canada and All Countries</u>	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>Current Account</u>			
Merchandise trade-after adjustment	1,202	1,006	+ 196
Net exports of non-monetary gold	203	-	+ 203
Tourist and travel expenditures	104	43	+ 61
Interest and dividends	52	313	- 261
Freight and shipping	138	132	+ 6
All other current transactions	77	133	- 56
Totals - Current Account	1,776	1,627	+ 149
Special Gold Transactions (2)	248	248	-
Capital Movements	283	471	- 188
Balancing Item (1)	39	-	+ 39
	2,346	2,346	
<u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	699	236	+ 463
Tourist and travel expenditures	6	3	+ 3
Interest and dividends	3	76	- 73
Freight and shipping	76	36	+ 40
All other current transactions	38	52	- 14
Totals - Current Account - United Kingdom	636	293	+ 343
Other Empire Countries	186	110	+ 76
All Empire Countries	822	403	+ 419
Special Gold Transactions (2)		248	- 248
Capital Movements	116	330	- 214
Balancing Item (1)	43	-	+ 43
<u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	503	770	- 267
Net exports of non-monetary gold	203	-	+ 203
Tourist and travel expenditures	98	40	+ 58
Interest and dividends	49	237	- 188
Freight and shipping	62	96	- 34
All other current transactions	39	81	- 42
Totals - Current Account - United States	834	1,126	- 292
Other Foreign Countries	120	93	+ 22
All Non-Empire Countries	954	1,224	- 270
Special Gold Transactions (2)	248	-	+ 248
Capital Movements	167	141	+ 26
Balancing Item (1)	-	4	- 4
	1,369	1,369	

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically.

(2) This represents gold received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XII

Revised Statement, 1941
(Millions of Canadian \$)

	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>A. Canada and All Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	1,732	1,264	+ 468
Net exports of non-monetary gold	204	-	+ 204
Tourist and travel expenditures	111	21	+ 90
Interest and dividends	60	286	- 226
Freight and shipping	185	167	+ 18
All other current transactions	166	229	- 63
Totals - Current Account	2,458	1,967	+ 491
Capital Movements	566	1,063	- 497
Balancing Item (1)	6	-	+ 6
	3,030	3,030	
<u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	1,098	279	+ 819
Tourist and travel expenditures	3	3	-
Interest and dividends	5	68	- 63
Freight and shipping	119	36	+ 83
All other current transactions	96	130	- 34
Totals - Current Account - United Kingdom	1,093	359	+ 734
Other Empire Countries	228	137	+ 71
All Empire Countries	1,321	516	+ 805
Capital Movements	181	990	- 809
Balancing Item (1)	4	-	+ 4
	1,506	1,506	
<u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	634	985	- 351
Net exports of non-monetary gold	204	-	+ 204
Tourist and travel expenditures	108	18	+ 90
Interest and dividends	55	218	- 163
Freight and shipping	66	131	- 65
All other current transactions	70	99	- 29
Totals - Current Account - United States	1,045	1,363	- 318
Other Foreign Countries	92	88	+ 4
All Non-Empire Countries	1,137	1,451	- 314
Capital Movements	385	73	+ 312
Balancing Item (1)	2	-	+ 2
	1,524	1,524	

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XIII

Revised Statement, 1942
(Millions of Canadian \$)

A. Canada and All Countries	Credits	Debits	Net
<u>Current Account</u>			
Merchandise trade-after adjustment	2,515	1,406	+1,109
Net exports of non-monetary gold	184	-	+ 184
Tourist and travel expenditures	81	26	+ 55
Interest and dividends	67	270	- 203
Freight and shipping	221	228	- 7
All other current transactions	308	345	- 37
Totals - Current Account	3,376	2,275	+1,101
Special Gold Transactions (2)	23	23	-
Capital Movements	1,235	1,343	- 108
Billion Dollar Contribution	-	1,000	-1,000
Balancing Item (1)	7	-	+ 7
	4,641	4,641	
<u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	1,541	226	+1,315
Tourist and travel expenditures	2	2	-
Interest and dividends	7	51	- 44
Freight and shipping	127	49	+ 78
All other current transactions	149	229	- 80
Totals - Current Account - United Kingdom	1,657	434	+1,223
Other Empire Countries	169	123	+ 46
All Empire Countries	1,826	557	+1,269
Special Gold Transactions (2)	-	23	- 23
Capital Movements	884	1,129	- 245
Billion Dollar Contribution	-	1,000	-1,000
Balancing Item (1)	-	1	- 1
	2,710	2,710	
<u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	974	1,180	- 206
Net exports of non-monetary gold	184	-	+ 184
Tourist and travel expenditures	79	24	+ 55
Interest and dividends	60	219	- 159
Freight and shipping	94	179	- 85
All other current transactions	159	116	+ 43
Totals - Current Account - United States	1,461	1,641	- 180
Other Foreign Countries	89	77	+ 12
All Non-Empire Countries	1,550	1,718	- 168
Special Gold Transactions (2)	23	-	+ 23
Capital Movements	351	214	+ 137
Balancing Item (1)	8	-	+ 8
	1,932	1,932	

- (1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically.
- (2) This represents gold received from the United Kingdom in part settlement of her deficiency with Canada, and used in turn to settle part of Canada's deficiency with the United States.

ESTIMATED CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XIV

Preliminary Statement, 1943

(Millions of Canadian \$)

<u>A. Canada and All Countries</u>	<u>Credits</u>	<u>Debits</u>	<u>Net</u>
<u>Current Account</u>			
Merchandise trade-after adjustment	3,050	1,579	+1,471
Net exports of non-monetary gold	142	-	+ 142
Tourist and travel expenditures	88	36	+ 52
Interest and dividends	59	261	- 202
Freight and shipping	288	294	- 6
All other current transactions	437	688	- 251
Totals - Current Account	4,064	2,858	+1,206
Special United States dollar transactions (2)	143	143	-
Capital Movements	677	1,360	- 683
Mutual Aid	-	511	- 511
Balancing Item (1)	-	12	- 12
	4,884	4,884	
<u>B. Canada and Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	1,763	200	+1,563
Tourist and travel expenditures	1	2	- 1
Interest and dividends	5	52	- 47
Freight and shipping	148	47	+ 101
War Services	128	499	- 371
Other current transactions	21	50	- 29
Totals - Current Account - United Kingdom	1,889	740	+1,149
Other Empire Countries	177	110	+ 67
All Empire Countries	2,066	850	+1,216
Special United States dollar transactions (2)	-	143	- 143
Capital Movements	20	586	- 566
Mutual Aid	-	502	- 502
Balancing Item (1)	-	5	- 5
	2,086	2,086	
<u>C. Canada and Non-Empire Countries</u>			
<u>Current Account</u>			
Merchandise trade-after adjustment	1,287	1,379	- 92
Net exports of non-monetary gold	142	-	+ 142
Tourist and travel expenditures	87	34	+ 53
Interest and dividends	54	209	- 155
Freight and shipping	140	247	- 107
All other current transactions	288	139	+ 149
Totals - Current Account - United States	1,898	1,917	- 19
Other Foreign Countries	100	91	+ 9
All Non-Empire Countries	1,998	2,008	- 10
Special United States dollar transactions (2)	143	-	+ 143
Capital Movements	657	774	- 117
Mutual Aid	-	9	- 9
Balancing Item (1)	-	7	- 7
	2,798	2,798	

(1) This balancing item reflects possible errors and the omission of certain factors which cannot be measured statistically.

(2) This represents United States dollars received from the United Kingdom in part settlement of her deficiency with Canada.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XV

MERCHANDISE TRADE BETWEEN CANADA AND OTHER COUNTRIES, 1937 - 1943
(exclusive of gold and adjusted for balance of payments purposes)

(Millions of Canadian dollars)

<u>Credits from</u> <u>Exports</u>	<u>All</u> <u>Countries</u>	<u>Total</u>	<u>United</u> <u>Kingdom</u>	<u>Other</u> <u>Countries</u>	<u>Total</u>	<u>United</u> <u>States</u>	<u>Other</u> <u>Countries</u>
1937	1,041	493	385	108	548	391	157
1938	844	442	337	105	402	268	134
1939	906	436	332	104	470	344	126
1940	1,202	699	542	157	503	424	79
1941	1,732	1,098	914	184	634	566	68
1942	2,515	1,541	1,424	117	974	911	63
1943	3,050	1,763	1,636	127	1,287	1,224	63

Debits for
Imports

1937	776	235	148	87	541	463	78
1938	649	184	119	65	465	400	65
1939	713	177	106	71	536	472	64
1940	1,006	235	133	103	770	702	68
1941	1,264	279	137	142	985	910	75
1942	1,406	226	116	110	1,180	1,116	64
1943	1,579	200	100	100	1,379	1,311	68

Net Credits (+)
or Debits (-)

1937	+ 265	+ 258	+ 237	+21	+ 7	- 72	+79
1938	+ 195	+ 258	+ 218	+40	- 63	-132	+69
1939	+ 193	+ 259	+ 226	+33	- 66	-128	+62
1940	+ 196	+ 463	+ 409	+54	-267	-278	+11
1941	+ 468	+ 819	+ 777	+42	-351	-344	- 7
1942	+1,109	+1,315	+1,308	+ 7	-206	-205	- 1
1943	+1,471	+1,563	+1,536	+27	- 92	- 87	- 5

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XVI

REVISED ESTIMATES OF TOURIST EXPENDITURES BETWEEN CANADA AND OTHER COUNTRIES,

1937 - 1943

(Millions of Canadian dollars)

Credits- Ex- penditures of Foreign Tourists in Canada	All Countries	Empire		Other (1) Countries	Total	Non-Empire	
		Total	United Kingdom			United States	Other Countries
1937	166	12	11	1	154	149	5
1938	149	10	8	2	139	134	5
1939	149	9	7	2	140	137	3
1940	104	6	5	1	98	98	(2)
1941	111	3	2	1	108	107	1
1942	81	2	2	(2)	79	79	(2)
1943	88	1	1	(2)	87	87	(2)

Debits-Expenditures
of Canadian Tourists
Abroad

1937	87	18	16	2	69	65	4
1938	86	17	15	2	69	66	3
1939	81	13	11	2	68	67	1
1940	43	3	2	1	40	40	(2)
1941	21	3	2	1	18	18	(2)
1942	26	2	2	(2)	24	24	(2)
1943	36	2	2	(2)	34	34	(2)

Net Credits (+)
or Net Debits (-)

1937	+79	-6	-5	-1	+85	+84	+1
1938	+63	-7	-7	-	+70	+68	+2
1939	+68	-4	-4	-	+72	+70	+2
1940	+61	+3	+3	-	+58	+58	(2)
1941	+90	-	-	-	+90	+89	+1
1942	+55	-	-	-	+55	+55	(2)
1943	+52	-1	-1	-	+53	+53	(2)

(1) Excluding Newfoundland.

(2) Less than \$500,000.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLE XVII

ESTIMATED DISTRIBUTION OF INTEREST AND DIVIDEND PAYMENTS AND RECEIPTS
BETWEEN CANADA AND OTHER COUNTRIES, 1937-1943

(Millions of Canadian dollars)

Credits-Receipts of Interest & Div- idends from Invest- ments abroad	All Countries	Empire			Non-Empire		
		Total	United Kingdom	Other Countries	Total	United States	Other Countries
1937	76	7	2	5	69	31	38
1938	66	5	2	3	61	25	36
1939	57	5	2	3	52	27	25
1940	52	3	2	1	49	29	20
1941	60	5	4	1	55	39	16
1942	67	7	5	2	60	43	17
1943	59	5	4	1	54	34	20

Debits-Payments of
Interest & Dividends
to Non-Residents

1937	302	87	85	2	215	211	4
1938	307	83	81	2	224	218	6
1939	306	80	78	2	226	220	6
1940	313	76	74	2	237	233	4
1941	286	68	66	2	218	214	4
1942	270	51	50	1	219	215	4
1943	261	52	51	1	209	205	4

Net Credits (+)
or Debits (-)

1937	-226	-80	-83	+3	-146	-180	+34
1938	-241	-78	-79	+1	-163	-193	+30
1939	-249	-75	-76	+1	-174	-193	+19
1940	-261	-73	-72	-1	-188	-204	+16
1941	-226	-63	-62	-1	-163	-175	+12
1942	-203	-44	-45	+1	-159	-172	+13
1943	-202	-47	-47	-	-155	-171	+16

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