

INTERNATIONAL PAYMENTS

Although the main outlines of Canada's balance of payments in 1962 have some features in common with those for 1961, major developments occurred during the year. In the first half, there was the rapid loss of foreign-exchange holdings, which led to the exchange crisis in June and to the series of official measures introduced in the second quarter with the object of stabilizing the international exchange value of the Canadian dollar and Canada's international transactions. In the first half of the year there had been net outflows of capital and a growing current-account deficit. In the second half, in contrast, there was a rapid restoration in official holdings of exchange accompanying large capital inflows and a contraction in the size of the current-account deficit.

DECREASING DEFICIT

The contraction in Canada's deficit in goods and services with other countries was to \$848 million in 1962 from \$982 million in 1961. Much of this change occurred in the fourth quarter of the year, following some favourable changes in the third quarter as well. In the first half of the year the deficit was higher than in that part of the previous year, whereas in the second half it had contracted to less than half the level of the second half of 1961. In the fourth quarter, the current deficit was reduced to \$119 million from \$272 million in the last year, through the coincidence of a large export balance on merchandise trade and a reduction in the deficit from non-merchandise transactions.

In the year as a whole, the contraction in the deficit originated entirely in a reduction of 13 per cent in net payments on account of non-merchandise transactions to \$1,003 million in 1962

* * * * *

NEW EUROPEAN WORKS AT GALLERY

Acquisitions made by the National Gallery of Canada during the fiscal year 1962-63 were recently announced by Charles F. Comfort, Director, on behalf of the Board of Trustees. The most important work to be acquired is *Portrait of Jacobina Copland* by Sir Henry Raeburn (1756-1823), which illustrates the dazzling virtuosity of the Scottish painter's brushstroke and his superb handling of colour. Probably painted in 1794, at the time of the subject's first marriage, it has figured in two important Raeburn exhibitions, and was on extended loan at the National Gallery of Scotland, Edinburgh, from 1950 to 1962.

The collection of paintings representing northern European schools has been enriched by *Adam and Eve in Paradise*, a characteristic work of Roeland Savery (1576-1639), the leading member of a family of artists in the Low Countries. Savery was a favourite in his time, if not an innovator, and was responsible for introducing the Flemish style into the northern Netherlands. He painted animals, flowers and the occasional religious and mythological subject set in landscape, as in the Gallery's acquisition.

from \$1,155 million in 1961. There was again an export balance from merchandise trade amounting to \$155 million in 1962, compared to \$173 million in 1961 when adjustments were made for balance-of-payments purposes. More than two-thirds of the above improvement in the year was from the sharp contraction in the deficit on travel account to \$50 million in 1962 from \$160 million in 1961. Other significant contributions to the improvement resulted from a smaller deficit on account of migrants' funds and a reduced volume of transfers financed by official contributions. Half the year's improvement in the non-merchandise deficit occurred in the final quarter, with favourable changes distributed among all items except interest and dividends.

INFLOW VS OUTFLOW

With exceptionally large inflows of capital in the second half of the year, a larger proportion of Canada's current deficit in the full year was financed by long-term forms than for several years. The concentration of over \$700 million in inflows in these forms in the second half followed the contrasting situation in the first half of the year, when outflows offset most of the inflows in that period. Inflows, which expanded in the second half, included large borrowing through sales of new issues of government and corporate bonds and large inflows on direct investment, particularly for the acquisition of Canadian enterprises. Contrasts between the half years were even greater in the area of short-term funds. Outflows in the first half of \$273 million (apart from special international financial assistance) were rapidly followed by net inflows in the second and the eventual repayment of more than half the special financial assistance.

* * * * *

Although the Gallery does not yet own canvases by the leaders of the early nineteenth century French classical movement, David and Ingres, it has filled the gap by an exquisite small portrait of a *Young Woman* by Louis-Léopold Boilly (1761-1845), the "little master of the French Revolution". This work illustrates the luminosity of Boilly's style, which he achieved partly through experiments with varnish.

ELECTRIC POWER

The net generation of electric energy by plants that produce a minimum of approximately 10 million kilowatt hours or more a year edged up 0.6 per cent in January, to 10,672,637 megawatt hours, from 10,604,333 mwh in January last year. The month's exports of electric energy decreased to 335,896 mwh from 403,867 mwh a year earlier, while imports increased to 264,530 mwh from 238,032 mwh. The amount made available for primary uses in January advanced 3.1 per cent to 10,195,346 mwh from 9,887,964 mwh in the same month of 1962, while the amount used in electric boilers dropped 26.3 per cent to 405,925 mwh from 550,534 mwh.