

The interest paid annually by Canada to the United States in excess of the interest paid by the United States to Canada now amounts to about \$125 millions, without taking into account instalments of principal payments, which in recent years have averaged approximately \$75 millions annually.

To this should be added an annual sum, amounting at present to between \$25 and \$50 millions, being the excess derived by the United States from dividends on investments in Canada over dividends from investments by Canada in the United States.

The United States investments in securities issued or guaranteed by the Dominion and Provincial Governments is estimated at \$1,218 millions. During the depression there has been no default in the payment of interest or principal on any of those issues, even in face of the discount on the Canadian dollar which continued from the latter part of 1931 until late in 1933. Interest payments have been, of course, a continuing charge, the real burden of which has increased with the decline in prices. The strain on Canadian economy has been heavy, and it has only been borne by the adoption of special measures for the equalization of exports and imports.

(c) *Freight Charges*

Since the war, net freight payments have been favourable to the United States to the extent of between \$25 and \$50 millions annually, and this substantial sum remains a debit item against Canada.

(d) *Tourist Expenditures*

The expenditures in Canada by visitors from the United States have been by far Canada's largest annual credit item. Canadian authorities estimate that the net balance on this account has been as high as \$188 millions in one year, but since the depression the net Canadian surplus from this source has sharply declined, and amounted only to \$60 millions in 1933.

(e) *Gold Shipments*

In some measure, Canada has been enabled to meet the adverse balance of payments through the development of the gold mining industry and the shipment in recent years of practically all the newly-mined gold to the United States. According to the figures of the Federal Reserve Board, the United States received a net balance on this account averaging \$50 millions a year in the five years 1929-1933; in the first eight months of 1934, gold valued at \$64 millions at the new valuation was received from Canada, an amount practically equal to the Canadian gold production during the period. Production in Canada has increased substantially during the depression, and its value in the United States has been enhanced by the reduction in the gold content of the United States dollar. It is impossible, however, to expand production rapidly. Even if the entire Canadian production were shipped to the United States, it would still be insufficient by at