

## LIGHTER IMMIGRATION

Figures released by the Department of Citizenship and Immigration show that during the first nine months of 1958 Canada admitted 100,131 immigrants. This total compares with 244,266 for the same period in 1957.

The largest group, 22,620, came from the British Isles, followed by immigrants from Italy, 21,281; Germany, 12,202; the United States, 8,043 and The Netherlands, 6,838.

With the customary winter restrictions which take effect on October 31 each year, only relatives sponsored by Canadian citizens or legal residents are admitted during the winter months, together with a limited group of immigrants for whose services there is a continuing need.

This group includes only professional and non-professional nurses, qualified dairy farm workers, domestics, institutional cooks and other domestic service workers. From the United Kingdom, France and the United States it also includes therapy technicians, teachers, librarians and archivists, social welfare workers, stenographers and typists, key punch operators, telephone switchboard operators, auto mechanics, butchers, meat and fish cutters, bakers and beauticians.

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## BALANCE OF PAYMENTS

Canada's deficit from current transactions in goods and services with other countries in the third quarter of this year amounted to \$187 million as compared with \$195 million in the same quarter of 1957, the Dominion Bureau of Statistics reports. In the January-September period this year the deficit has totalled \$795 million compared with \$1,150 million in the corresponding period of 1957. In both periods this year similar underlying changes have occurred.

The reductions in the deficits from last year have been entirely due to changes in the merchandise trade balance. Deficits arising from non-merchandise transactions have continued to increase and accounted for more than four-fifths of the deficit in the nine months of 1958, rising to \$665 million from \$579 million in the same months of 1957. The rise in the deficit from this group of transactions in the third quarter was greater than in earlier quarters this year.

### CAPITAL MOVEMENTS

The net inflow of capital to Canada in the form of direct investment, security and loan transactions totalled \$238 million in the third quarter, or some 25 per cent more than the current account deficit to be financed in this period. About three-quarters of these inflows came from the United States.

The inward movement of capital for direct investment in foreign-controlled concerns was

\$90 million during the third quarter, compared with \$105 million in the second quarter and \$137 million in the corresponding period of 1957. Inflows for resource development although down on balance relatively more than other elements, contributed more than half the total. In other categories there were some substantial inflows which represented re-financing and appeared to have little direct relationship to current investment activity, and there were also increased capital outflows which presumably were made possible by some reductions in working capital or from internal savings such as capital consumption allowances not currently required to finance new capital formation. Over the nine months of the year, the net inflow was \$285 million compared with \$391 million for the same period of 1957.

For the first time since 1950 there was an inward movement of capital amounting to \$15 million from Canadian direct investments abroad. This reflects in the main the disposal by Canadians of substantial interests acquired abroad several years ago. The absence of any net movement over the nine months is in sharp contrast to the outflow of \$60 million recorded for the corresponding period of 1957.

Transactions in Canadian portfolio securities led to net capital inflows of \$117 million in the third quarter of 1958 and of \$515 million for nine months. The corresponding figures for 1957 were \$125 million and \$695 million, respectively. The decline of \$180 million in the net inflow from transactions in Canadian securities in the nine months reflected drops of \$165 million in sales of new issues to non-residents and \$79 million in net sales of outstanding Canadian stocks.

A major increase of \$88 million occurred in Canadian dollar holdings of foreigners. It is known that a substantial part of the present accumulation is intended to provide for future expenditures in Canada.

A capital inflow of \$32 million occurred from the exchange transactions of the Government of Canada, including the operations of the Exchange Fund Account, during the third quarter. This inflow followed outflows of \$39 million and \$52 million, respectively, in the first and second quarters. The net outflow of \$59 million in the nine months compared with a net inflow of \$44 million in the corresponding period of 1957.

Other capital movements resulted, on balance, in an outflow of \$171 million in the third quarter. These movements have given rise to outflows in the third quarter of each year since 1950, but the amount in 1958 appears to have been larger than usual. Private and banking holdings of exchange were increased during the quarter, and there were withdrawals of funds by insurance companies. And it seems likely that a significant reduction may have occurred in Canada's short-term payables as financing pressures moderated.