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DEPARTMENT OF TRADE AND COMMERCE  
DOMINION BUREAU OF STATISTICS - CANADA  
INTERNAL TRADE BRANCH

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ESTIMATED BALANCE OF INTERNATIONAL PAYMENTS FOR CANADA, 1926 - 1930

The Dominion Bureau of Statistics' Estimate of the Balance of International Payments for Canada is now available for the year 1930 and also revised figures for the period commencing with the year 1926. This statement shows that in 1930, as in 1929, our international accounts appear to have been brought into balance by an inflow of capital arising from loans floated abroad or by the investments of other countries in Canadian enterprises. In 1929 the difference between the debit and credit items of the national balance sheet amounted to 65 million dollars and in 1930, 160 million dollars. While errors and omissions inevitable in an estimate of this character, would account for some of the difference, there is evidence that a considerable part is to be accounted for by the importation of capital.

Among the international transactions (consisting of visible and invisible items) shown in the balance sheet, the chief credit item is tourist traffic, showing a favourable balance of \$166 million. Commodity trade reveals a debit of roughly \$100 million, gold movement \$14 million, freight payments \$11 million, interest payments \$184 million.

Comparison of data for 1929 and 1930, item by item, throws light on the great changes wrought in Canada's international transactions by the world depression which began at the end of 1929, and by the changes involved in the marketing of wheat.

Merchandise exports fell from \$1,200 million in 1929 to \$800 million in 1930. Though the wheat situation partly explains this drop it is also due in part to lower general price levels in 1930 as compared with 1929. When fluctuations are eliminated by revaluing quantities exported in the fiscal year ending March 1931, at the export prices prevailing in the previous fiscal year, it appears that domestic exports show a decline of only 13.5% as compared with a decrease based on declared values of 28.6%.

A good illustration of the difficulties presented to Canada by the slump in world prices is provided by the following table. This shows that Canada experienced a much greater reduction in the prices of her export commodities than the compensating decline in the price of goods which are normally imported.

INDEX NUMBERS OF EXPORT AND IMPORT VALUES  
(CANADA'S FOREIGN TRADE)  
(BASE 1913 = 100)

|               |            | EXPORTS | IMPORTS |
|---------------|------------|---------|---------|
| Calendar year | 1926 ..... | 147.0   | 131.7   |
|               | 1927 ..... | 144.0   | 127.0   |
|               | 1928 ..... | 137.6   | 127.3   |
|               | 1929 ..... | 136.9   | 122.9   |
|               | 1930 ..... | 117.2   | 115.1   |

Tourist traffic, though showing a large credit balance was \$22 million below that of 1929. Interest payments, due to increased foreign investment in Canada, were higher by \$13 million. Freight payments were less unfavorable by \$50 millions because of reduced imports. Earnings of Canadian residents who cross the border to the U.S.A. daily declined by \$10 million. Finally the international gold movement showed a reversal of \$61 million, a net export of \$47 millions in 1929 becoming a net import of \$14 millions in 1930. This latter movement is partly accounted for by the repatriation of short term funds from New York which is known to have taken place in large amounts after the market crash had been followed by a reduction in call loan rates.

In conclusion it may be said that during the last two years Canada's transition from a favorable to an unfavorable balance in the international exchange of goods and services appears to have been considerably smoothed by the repatriation of short term investments abroad and the continued inflow of foreign investments.



DOMINION BUREAU OF STATISTICS - INTERNAL TRADE BRANCH

CANADA'S ESTIMATES BALANCE OF INTERNATIONAL PAYMENTS, 1926-1930.  
(\$'000's omitted)

|   | 1926                                   |  | 1927                                   |  | 1928                                   |  | 1929                                   |  | 1930                                   |  |
|---|--|--|--|--|--|--|--|--|--|--|
|   | Exports<br>Visible<br>and<br>Invisible | Imports<br>Visible<br>and<br>Invisible | Exports<br>Visible<br>and<br>Invisible | Imports<br>Visible<br>and<br>Invisible | Exports<br>Visible<br>and<br>Invisible | Imports<br>Visible<br>and<br>Invisible | Exports<br>Visible<br>and<br>Invisible | Imports<br>Visible<br>and<br>Invisible | Exports<br>Visible<br>and<br>Invisible | Imports<br>Visible<br>and<br>Invisible |
|   | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     | \$                                     |
| 1. <u>Commodity Trade - Recorded</u><br>merchandise exports and imports     | 1,283,939                              | 1,008,342                              | 1,238,782                              | 1,087,118                              | 1,374,246                              | 1,222,318                              | 1,208,338                              | 1,298,993                              | 905,370                                | 1,008,479                              |
| <u>Deductions</u> for settlers' effects<br>and other non-commercial imports | -12,326                                | -21,774                                | -11,020                                | -22,504                                | -10,926                                | -21,395                                | -11,679                                | -24,614                                | -10,957                                | -23,814                                |
| Unrecorded imports of ships   | -                                      | 24                                     | -                                      | 1,860                                  | -                                      | 19,230                                 | -                                      | 19,420                                 | -                                      | 7,470                                  |
| Real Total of Commodity Trade   | 1,271,613                              | 986,592                                | 1,227,762                              | 1,066,474                              | 1,363,320                              | 1,220,153                              | 1,196,659                              | 1,293,799                              | 894,413                                | 992,135                                |
| 2. Exports and imports of gold coin,<br>bullion and subsidiary coin         | 80,131                                 | 47,126                                 | 64,231                                 | 31,257                                 | 107,614                                | 39,659                                 | 50,598                                 | 3,746                                  | 25,343                                 | 39,062                                 |
| 3. Freight payments and receipts n.o.p.                                     | 88,714                                 | 106,288                                | 189,826                                | 109,140                                | 88,266                                 | 115,433                                | 85,541                                 | 130,855                                | 68,815                                 | 100,908                                |
| 4. Tourist expenditures   | 201,167                                | 98,747                                 | 238,477                                | 108,750                                | 275,230                                | 107,522                                | 309,379                                | 121,645                                | 279,238                                | 113,292                                |
| 5. Interest payments and receipts   | 55,452                                 | 223,639                                | 64,885                                 | 235,052                                | 80,966                                 | 246,916                                | 87,886                                 | 258,907                                | 88,220                                 | 272,586                                |
| 6. Immigrant remittances  | 15,550                                 | 20,509                                 | 15,433                                 | 22,423                                 | 14,421                                 | 23,195                                 | 14,036                                 | 23,385                                 | 14,000                                 | 23,000                                 |
| 7. Government ex penditures & receipts                                      | 11,948                                 | 10,863                                 | 11,850                                 | 11,751                                 | 11,819                                 | 11,030                                 | 11,750                                 | 11,300                                 | 11,750                                 | 10,379                                 |
| 8. Government receipts, reparations   | 1,757                                  | -                                      | 6,791                                  | -                                      | 4,688                                  | -                                      | 4,325                                  | -                                      | 4,000                                  | -                                      |
| 9. Charitable and missionary<br>contributions                               | 814                                    | 1,878                                  | 873                                    | 1,766                                  | 1,373                                  | 1,800                                  | 900                                    | 1,800                                  | 900                                    | 1,800                                  |
| 10. Insurance Transactions  | 10,835                                 | 23,827                                 | 19,194                                 | 29,486                                 | 35,761                                 | 28,790                                 | 31,990                                 | 24,418                                 | 29,483                                 | 22,138                                 |
| 11. Advertising Transactions  | 3,143                                  | 4,500                                  | 4,482                                  | 4,800                                  | 3,858                                  | 5,000                                  | 4,000                                  | 5,280                                  | 4,000                                  | 6,000                                  |
| 12. Motion picture royalties  | -                                      | 3,500                                  | -                                      | 3,500                                  | -                                      | 3,750                                  | -                                      | 3,750                                  | -                                      | 3,750                                  |
| 13. Capital of immigrants and emigrants                                     | 14,945                                 | 14,689                                 | 14,545                                 | 12,611                                 | 14,783                                 | 11,178                                 | 14,117                                 | 11,496                                 | 11,083                                 | 9,424                                  |
| 14. Earnings of Canadian residents<br>employed in U.S.A.                    | 10,000                                 | -                                      | 11,000                                 | -                                      | 13,725                                 | -                                      | 13,725                                 | -                                      | 3,696                                  | -                                      |
| 15. Exports and imports of electrical<br>energy (1)                         | 4,600                                  | 89                                     | 4,798                                  | 87                                     | -                                      | -                                      | -                                      | -                                      | -                                      | -                                      |
| 16. Difference between all exports<br>and imports (2)                       | -                                      | 228,422                                | -                                      | 137,050                                | -                                      | 201,398                                | 65,475                                 | -                                      | 159,533                                | -                                      |
| Total .....   | 1,770,669                              | 1,770,669                              | 1,774,147                              | 1,774,147                              | 2,015,824                              | 2,015,824                              | 1,890,381                              | 1,890,381                              | 1,594,474                              | 1,594,474                              |

(1) Included in Commodity Trade since 1928.

(2) This item represents (a) Canadian capital invested abroad in 1926, 1927, 1928, and foreign capital invested in Canada in 1929 and 1930, and  
(b) errors and omissions.

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