

67-261

GOVERNMENT OF CANADA

THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1951
AND
FOREIGN CAPITAL INVESTED IN CANADA



DOMINION BUREAU OF STATISTICS — DEPARTMENT OF TRADE AND COMMERCE

THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1951
AND
FOREIGN CAPITAL INVESTED IN CANADA

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Balance of Payments Section
International Trade Division
Dominion Bureau of Statistics
Ottawa

Price 25 cents

THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1951

Canada's current account with all countries shows a deficit of \$524 million for the twelve months period of 1951. This excess of imports of goods and services followed a current deficit in 1950 of \$329 million.

Although the current deficit in 1951 increased by more than one half over 1950, this was due to a large deficit in the first half of the year. In the second half of the year there was a small current surplus. Recent current deficits have therefore been largely concentrated in a comparatively short period. There has been a current surplus in the post war period as a whole, as surpluses in the years from 1946 to 1949 have been greater than the deficits in 1950 and 1951. There were also current surpluses consistently each year during the recent war, and in the previous years from 1934 on.

Large parts of the current account are subject to wide variations within short periods, with the result that the current account balances often change rapidly. The effects of variations are particularly marked when total transactions are so great, and proportionately small changes in these have relatively large effects on the current balance. The deficit in 1951 was less than 10% of gross current credits, which compares with the current deficit in 1930

which amounted to 26% of total current credits in that year of heavy capital inflows in the prewar period.

The enlargement in the deficit in 1951 was due principally to the growth in the volume of imports which led to a large import balance on commodity account. But as shown in statements 1 and 2, there was also a larger deficit from all other current transactions, and in both 1950 and 1951 the largest net contributors to the current deficit were payments of interest and dividends, and miscellaneous current transactions. A substantial increase occurred in the latter in 1951, and a small deficit appeared on travel account in contrast to an appreciable surplus in previous years.

Payments to the United States Government on account of the replacement of equipment and other defence purchases were also a notable element contributing to the deficit shown in the current account. At the same time Canada contributed Mutual Aid to NATO countries of \$165 million in 1951 and \$57 million in 1950. The latter amounts do not directly affect the size of these current account deficits, which are a measure of the net inflow of capital into Canada in 1950 and 1951.

STATEMENT 1. Summary of Changes in Current Receipts and Payments Between Canada and All Other Countries - 1951

(Millions of dollars)

	Current Receipts			Change in 1951
	1949	1950	1951	
Commodity exports (adjusted)	2,989	3,139	3,950	+ 811
Mutual Aid to NATO Countries	—	57	165	+ 108
All other current receipts	1,088	1,104	1,226	+ 122
Total current receipts	4,077	4,300	5,341	+1,041
	Current Payments			Change in 1951
	1949	1950	1951	
Commodity imports (adjusted)	2,696	3,129	4,103	+ 974
Mutual Aid to NATO Countries	—	57	165	+ 108
All other current payments	1,194	1,443	1,597	+ 154
Total current payments	3,890	4,629	5,865	+1,236
Current balance	+187	-329	-524	-195

Bilateral Changes

Another salient change during the year was a widening in the disequilibrium with individual countries and areas. The current surplus with overseas countries increased substantially in 1951, but was still less than in 1949 while the current deficit with the United States increased to a size which was only exceeded in the record year of 1947. The current surplus with all overseas countries increased in the year from \$74 million to \$431 million. Over half of this was due to an improvement in the surplus with the United Kingdom which rose from \$28 million to \$220 million. The remainder was distributed between O.E.E.C. countries and other foreign countries, the

former group rising from \$109 million to \$220 million and the change with the latter group being \$60 million. There was again a small current deficit with the countries of the sterling area other than the United Kingdom, which increased to \$29 million. The current surplus which Canada had with overseas countries in 1949 amounted to \$776 million. The surplus with United Kingdom in that year was almost twice as large as in 1951 and in the same year there was a surplus with the rest of the sterling area of \$135 million. But the surplus with all other overseas countries was slightly less in 1949 than in 1951.

STATEMENT 2. Summary of Changes in the Principal Elements of Canada's Current Account with All Countries—1951

(Millions of dollars)

	1949	1950	1951	Change in 1951
Exports (adjusted)	2,989	3,139	3,950	+811
Imports (adjusted)	2,696	3,129	4,103	+974
Commodity balance	+293	+ 10	-153	-163
Gold available for export	+139	+163	+150	- 13
Tourist and travel expenditures	+ 94	+ 49	- 9	- 58
Interest and dividends	-307	-383	-332	+ 51
Freight and shipping	+ 50	- 17	- 10	+ 7
Inheritances and migrants' funds	+ 13	—	+ 10	+ 10
Miscellaneous current transactions	- 95	-151	-180	- 29
Total Current Transactions	+187	-329	-524	-195

One reason for these changes was that during 1951 there was a return in the second half of the year to something closer to the customary pattern of trade in which Canada has large export balances with the United Kingdom and other overseas countries, and throughout most of the year there was again a substantial import balance with the United States. In 1950 this pattern had altered to such an extent that there were only comparatively small amounts of unbalance in Canada's merchandise trade with overseas countries, and with the United States. The unprecedented results in 1950 were chiefly the result of the record proportion of 65.2% of Canadian exports which went to the United States in that year. While there continued to be a high proportion of exports to the United States in the first half of 1951, this percentage dropped in the second half with the rise in exports overseas. Consequently, in the year as a whole, the percentage of Canadian exports going to the United States dropped

to 58.9%. But this ratio was still very high in relation to years before 1950, particularly in the period before 1948, when exports first rose to the unprecedented levels of recent years.

The rise in exports overseas led to the rise in export balances with overseas countries. The rise in the import balance with the United States in 1951 was due to the relatively moderate rise in the value of exports to that country at a time when imports by Canada rose sharply. These changes in the direction of merchandise trade were the chief influences leading to a greater unbalance in Canada's current accounts with these countries. Some adverse trends in non-commercial transactions with the United States also added to the current deficit with that country, while larger receipts on freight and shipping account with the United Kingdom and the first instalment of interest on the postwar loan

added to the current account surplus with the United Kingdom. The changes in non-merchandise items are shown in statements 1 and 2 and discussed in the

sections on current transactions with the United States, the Sterling Area and Other Overseas Countries which follow.

Trend in Recent Periods

The current deficit in the first half of the year was greater than in the whole of 1951. The deficit in the third quarter dropped from the peak in the second quarter, and was more than offset by a current surplus which followed in the final quarter.

The current deficit first became prominent in 1950, when deficits of a not unnormal size in the first half of the year were followed by a large deficit in the final quarter. This latter deficit was abnormal seasonally, as customarily there is a large export balance in that period. But the latter failed to recur, and there was furthermore a heavy concentration of year-end dividend payments. The recent period of most heavily concentrated deficits, therefore, only extended from the fourth quarter of 1950 to the second quarter of 1951.

While a current deficit in the first half year has not been unusual in recent years, the deficit which developed in that part of 1951 was distinguished by its exceptional size. This resulted chiefly from the rapid expansion in the volume of imports, which were about 24% higher than in the same period of 1950. Contributing to the rise were inventory accumulations on top of other heavy investment demands, higher consumption, and freer supplies abroad. At the same time, some Canadian export

shipments in the first half of the year appeared subnormal both in relation to heavy sustained demands and the eventual levels of the last half of the year. Net outlays on international travel were also heavy in the first half of the year.

The deficit from commercial trade disappeared in the third quarter of 1951; there was a surplus from tourist expenditures, although this was less than is usual for that period. But an overall current deficit resulted in the quarter when payments by the government on account of defence purchases were included.

The current surplus in the final quarter of 1951 resulted from the large export balance, which accompanied the rise in the volume of exports overseas and the failure of imports to rise again to the peak reached in the second quarter. These opposite movements in the volume of trade were combined with a favourable change in the terms of trade. The latter resulted from a decline in import prices in the last six months of the year, and some further increases in export prices in the same period. But dividend payments were again very heavy at the year end, and this reduced the size of the current account surplus in the final quarter.

Underlying Factors Behind Current Deficits

A combination of underlying factors contributed to the deficits in the past two years. Some of these resulted from internal developments while others had external origins. The high level of economic activity in Canada has, of course, been one of the pervasive underlying forces behind the high levels of Canadian spending abroad. Each of the leading elements in national expenditure was higher in value in 1951 than in 1950 with the exception of new residential construction. Investment by business in non-residential construction and machinery and equipment increased particularly sharply and in addition there was a large inventory accumulation. Inventory accumulations in 1951 were particularly large in periods when imports were at their peak and the heavy import demands seem to have been influenced significantly by the demand for inventories. Besides affecting commodity imports the high level of economic activity led to large earnings and dividend payments on foreign capital invested in Canada. But the financing of investment programs of many Canadian subsidiaries of foreign companies led to large reinvestments of undistributed earnings. Current expenditures on services also reached new peaks, most notably in the case of expenditures of Canadian travellers abroad. The general post-Korea

rise in prices was another factor influencing the current deficit as import prices rose somewhat more than export prices in the earlier period of 1951 when imports were so heavy. Subsequent declines in import prices occurred after the peaks in volume had been passed. Advance payments on account of defence purchases also added significantly to the current deficit shown in 1951.

While these strong influences were at work increasing Canada's current expenditures abroad, there has been less flexibility in Canadian exports of goods and services. Although a feature of Canadian exports in 1951 was the rise which occurred in shipments overseas in the second half of the year, the volume of shipments overseas was still much less than in 1949 and earlier. Important groups of commodities which were formerly exported overseas by Canada have been reduced from earlier levels or have virtually disappeared from exports. At the same time the volume of Canadian exports to the United States as a whole was at least no higher in 1951 than in 1950 although higher than in 1949. The same applies to other important groups of current receipts from the United States, such as gold, where the volume of production declined, and ex-

penditures of United States travellers. The latter did not change much in total value and expenditures in terms of volume of goods and services bought by tourists seem to have declined.

Even when demands are very high the potential level of exports is directly related to available capacity, whereas in the case of Canadian imports Canadian demands in most instances are not large

in relation to available supplies abroad. There are distinct limitations to rapid rises in many of the staple commodities as generally all available production of these has been exported for some years. Furthermore at times there have been some temporary factors tending to hold down Canadian exports, particularly in certain periods like the first half of 1951 when the volume seems to have been somewhat less than normal for recent years.

STATEMENT 3. Summary of Changes in Current Balances Between Canada and the Principal Countries and Areas - 1951

(Millions of dollars)

	1949	1950	1951	Change in 1951
Between Canada and:				
United States	- 589	- 403	- 955	- 552
United Kingdom	+ 439	+ 28	+ 220	+ 192
Other sterling area	+ 135	- 23	- 29	- 6
Other O.E.E.C. countries	+ 187	+ 109	+ 220	+ 111
All other countries	+ 15	- 40	+ 20	+ 60
Total— All Countries	+ 187	- 329	- 524	- 195

Capital Movements

The year 1951 has been the second year of exceptionally large capital movements of a predominantly inward direction. The nature of these and the motivating forces behind them have been different in the two years. The most characteristic inflows in 1951 were long-term movements connected with the financing of Canadian development. Examples of these are the inflows for direct investment by foreign companies in Canadian branch and subsidiary companies and the sales of new issues of Canadian securities in the United States by Canadian provinces, municipalities and companies. Each of these groups of inflows increased sharply during 1951 and together they account for a major part of the new inflow during the past year. These inflows are of a long-term character and contrast with many of the inflows in 1950 when movements into Canadian dollar forms of assets, resulting from speculative motives by non-residents, were prominent. Another contrast lies in the fact that the decisions to borrow rested with residents of Canada, whereas in 1950 the decisions usually rested with non-residents. The rise in interest rates in Canada and the general credit stringency led Canadian borrowers to place new issues in the United States on a scale which is comparable with early peak years of this kind of borrowing.

Inflows for direct investment in Canadian branches and subsidiaries by foreign concerns have

been heavy in the last two years. While this movement has been under way throughout the post-war years it has been accelerated by the large-scale development of petroleum and other mineral resources and this continued on a larger scale in 1951 than in 1950. In the earlier post-war years the development of industrial plants was the major element in the growth of United States direct investments in Canada. The increase in the value of United States direct investments in Canada in the five years between the end of 1945 and the end of 1950 has been approximately \$1,138 million. By the end of 1951 the increase in value in the six post-war years was probably close to \$1,500 million. The rise in value has been substantial each year but greatest in the years from 1948 on. Inflows of capital in the form of cash have been heaviest in the last three years, but throughout the period reinvested earnings have also been an important source of financing. Cash inflows of capital from the United States have risen to \$199 million in 1950 and \$259 million in 1951. In the six-year period reinvested earnings (not included in balance of payments statistics) have accounted for well over half of the financing of the increase in value of some \$1,500 million.

One of the important fields of investment in this period has been the petroleum industry. In the five years to the end of 1950 the book value of

United States investments in companies in the petroleum industry in Canada has risen from \$120 million to some \$435 million. This includes investments in refining, marketing and transportation as well as in the exploration and development of western petroleum resources. At the end of 1950 United States ownership amounted to 54% of the whole petroleum industry and Canadian ownership amounted to 44%, or most of the remainder. There is a substantial Canadian equity in companies engaged in refining and marketing as well as in the development of new resources.

More than half of the gain in the past six years of \$1,500 million in United States direct investments in Canada has been in manufacturing. In the five years from 1946 to 1950 there was an increase of \$748 million in manufacturing, including companies engaged in refining petroleum. In the same period the increase in the field of mining, smelting and petroleum exploration and development was about \$200 million but the latter is exclusive of investments in petroleum exploration and development by companies also engaged in refining petroleum.

The other group of capital inflows which developed on an even greater scale was the inflow through sales of new issues of Canadian securities in the United States. Total sales of these of \$411 million to all non-residents were approximately double the level in 1950. This total of new issues was largely made up of provincial and municipal bond issues payable in United States dollars. These constituted more than three-fourths of the total. The remainder includes corporation bonds and stocks, some payable in United States dollars and some Canadian dollar issues. The net increase in Canadian bonded debt held abroad was considerably less than this, however, as there continued to be a substantial total of issues retired, although these amounted to less than in most preceding years. When retirements of \$184 million are taken into account there were net new issues of some \$227 million in 1951 compared with net redemptions in 1950 of \$73 million. This borrowing in 1951 through sales of new issues is comparable in size to the total of \$419 million of issues sold in 1930, the highest year in the period of heavy borrowing in the interwar years. But net new issues of \$290 million after deducting retirements were greater in that year. For a number of years in that period sales of new issues were the principal form of capital inflows as was the case in earlier periods of Canadian development.

The recent sales of new issues have been mostly in connection with expenditures by borrowers on development of various kinds. Only a comparatively small part has been for refinancing purposes. The issues were mostly sold in the months from April on after interest rates had risen in Canada and when the Canadian supply of funds for investment became more restricted.

Although an appreciable increase occurred in Canadian debt payable in United States funds, the

Statement 4. Proceeds of New Issues of Canadian Securities Sold to Non-Residents 1951

(Canadian dollar equivalent in millions)

1. Bonds and Debentures:	
Payable in U.S. dollars:	
Provincial Governments	262
Municipal Governments	72
Corporations	6
Sub-total	340
Payable in Sterling	3
Payable in Canadian dollars	26
Total — Bonds and Debentures	369
2. Stocks	42
Total New Issues	411

total of this held in the United States was still at the end of 1951 about 10% below the holdings at the end of 1930 when they were close to their peak. Holdings have been reduced since then by retirements in most years. These reductions have been greater than any increases which have occurred in United States holdings through transactions in outstanding bonds payable in United States funds. Most of the new United States investments in outstanding Canadian bonds during recent years have been in domestic issues of the Government of Canada. These acquisitions were particularly large in 1945, 1946 and 1950.

Total interest payments by Canadian debtors to the United States are still much less than in 1931. Payments of interest to the United States of \$94 million in 1951 compare with \$121 million in 1931. The interest payments for a full year on the total of new issues sold in the United States in 1951 amount to less than \$12 million while the interest on United States holdings of issues retired during the year amounted to about \$7.6 million. There were also some reductions in interest payments arising out of the liquidations by United States investors of holdings of outstanding Canadian bonds during 1951.

Movements of capital connected with the direct investments of Canadian companies abroad were outwards on balance in 1951, amounting to \$26 million. This outward movement contrasts with net capital inflows in 1950 of \$36 million when there were substantial inflows from the United States connected with the final liquidations of some investments which had been sold earlier. In both years there were appreciable outflows connected with the establishment and development of direct investments in each of the countries and areas shown in the capital account.

Great variations have occurred in capital inflows connected with transactions in outstanding securi-

ties and in short-term movements. In 1950 the most characteristic type of inflow was the acquisition of domestic bonds of the Government of Canada by investors in the United States. Speculative motives were a strong factor behind this record movement of capital to Canada in this form and were concentrated in the third quarter of 1950. Other exceptionally large capital inflows in that year were also associated with the speculative movement to the ownership of Canadian dollar forms of assets. These movements took a variety of forms including a large increase in Canadian dollar balances of non-residents. In 1951 movements of capital through transactions in outstanding securities were largely offsetting, leaving a net inflow of capital which was small in comparison to 1950 although substantial in relation to many early years.

In 1951 the inflows of capital for the acquisition of outstanding securities went into corporation stocks and certain groups of bonds. Net sales to the United States of stocks and bonds of Canadian companies were substantial and sales of stock to overseas countries other than the United Kingdom also rose sharply in 1951 to a new peak. While there were net sales of some other groups of bonds, particularly provincials, there were large reductions in United States holdings of Government of Canada issues. Net repurchases by Canadians of these issues from the United States amounted to \$91 million. Most of these repurchases occurred later in the year as in the earlier months of 1951 there continued to be net sales of dominion issues to the United States.

There were again reductions in Canadian holdings of United States securities in 1951. Net sales by Canadians of these securities amounted to \$15 million, about one quarter of the size of corresponding liquidations in the previous year. In both years most of the transactions were in stocks of United States companies. In addition there was a comparatively small amount of issues redeemed.

Short term movements of capital were outwards on balance in 1951 in the account with all countries in contrast to exceptionally large inward movements in 1950. While there continued to be substantial inflows of certain types from the United States these were offset by reductions in Canadian dollar balances owned in the United States and overseas.

Large inflows of short term capital from the United States have been a feature of both 1950 and 1951. But the net inflow in the full year 1951 was much less than in the former year as there were some substantial outflows in parts of 1951. There were for example, outflows in 1951 in the form of sub-

stantial reductions in private bank balances in Canada following the unusual rises in these balances which occurred in 1950. In that year the rise in Canadian dollar balances owned in the United States was \$91 million while the reduction in these balances in 1951 was \$53 million.

The reduction which occurred in other short term inflows from the United States is indicated by the decline shown in the item of statement 8 "Other private net capital movements", which fell from \$229 million in 1950 to \$76 million in 1951. The predominant inflows in the two years have taken a variety of forms. A characteristic type has been the increases in accounts payable for imports. To some extent this kind of change accompanies a general rise in the value of trade as there is normally a float of accounts payable which increases when the volume of trade rises. But during 1950 there were increases in these inflows of capital which may be associated with the speculative atmosphere affecting capital movements between Canada and the United States, particularly in the summer of that year. While short-term inflows continued in 1951, these were heaviest in periods when the volume of imports was at a peak and a motivating factor was provided by the credit stringency in Canada. In the year as a whole the net inflow of these types of capital was much less than in 1950 as there were outflows in some periods. While increases in short term payables for imports are an important element in these movements in both years, there were also inflows through short term borrowing of other kinds and inflows connected with reductions in receivables and other forms of Canadian owned assets abroad.

Short term movements between Canada and the United Kingdom include large changes in British balances in Canada. While there was a large rise in these in 1950 there was a decline of comparable size in 1951.

Capital movements on account of the Canadian Government in 1951 were confined to repayments on war and post-war loans by the United Kingdom and other governments. Repayments by the United Kingdom on the 1942 loan amounted to \$34 million and at the end of the year the first instalment of principal of \$14 million was paid by the United Kingdom on the post-war loan of 1946. Repayments by other governments on export credits extended in earlier post-war years amounted to \$20 million. The total of \$68 million of these repayments on loans by the Canadian Government in 1951 compared with total repayments of \$74 million in 1950 in which year on the other hand there were also final drawings of \$50 million on the loan to the United Kingdom.

Non-resident Financing of Canadian Investment

Foreign capital has played an increasing role in Canadian development in the last few years, but that role is still a minor one in relation to the total financing of Canadian investment. The proportion of

foreign capital to total capital investment being made is much smaller than was the case in earlier periods of high investment activity.

In expressing this role as a ratio, careful note must be taken of the factors selected and the concepts behind this selection. It should be noted in particular that the statistical categories which measure capital inflows and domestic capital formation are not always directly comparable.

One way to look at this is to measure the proportion of national saving which is contributed on balance by non-residents. This contribution can be defined as the current account deficit plus reinvested earnings of foreign controlled companies. If this is compared with all types of investment in Canada, net of depreciation but including gross government investment, it appears that this ratio was about one-seventh in 1950 and slightly higher in 1951. The net contribution by non-residents and foreign controlled companies to the savings used for all types of investment in Canada was therefore only about one-seventh in 1950 and 1951. But, in contrast, Canada was a net exporter of capital for a long period of years prior to 1950.

Another way to look at this is to measure only foreign participation in Canadian investment. For this purpose only the inflow of capital to Canada for investment purposes is considered, while outflows for retirement of securities or other purposes

are neglected. The ratios derived here depend very much on the types of capital inflow selected for consideration and the extent to which these are gross or net. One type of inflow which is not considered here is the purchase of outstanding securities, which does however affect to some degree the conditions of financing in Canada. Also neglected are short-term capital movements, which to some extent finance investment. For this comparison the inflow for long-term investment purposes is defined as total new issues and the increase in value of foreign direct investments in branches and subsidiaries in Canada. This particular comparison indicates that in 1950 and 1951 less than one-fifth of all types of domestic investment, net of depreciation but including gross government investment, was financed by foreign participation in Canadian investment. Even if housing (which is largely a field for domestic financing) is excluded from the investment figures, foreign participation accounted for less than one-quarter of all other types of investment in 1950 and 1951, and less than one-sixth in 1948.

Statistics on the total value of non-resident investments in Canada at different year ends are shown in Tables 6 to 12. Comments on this group of investments appear in a later section of this report under the heading Foreign Capital Invested in Canada.

STATEMENT 5. Canada's Official Holdings of Gold and U.S. Dollars¹

(In millions of U.S. dollars)

	Gold	U.S. dollars ²	Total
December 31, 1944	293.9	608.3	902.2
December 31, 1945	353.9	1,154.1	1,508.0
December 31, 1946	536.0	708.9	1,244.9
December 31, 1947	286.6	215.1	501.7
December 31, 1948	401.3	596.5	997.8
December 31, 1949	486.4	630.7	1,117.1
December 31, 1950	580.0	1,161.5	1,741.5
December 31, 1951	841.7	936.9	1,778.6

1. Exclusive of working balances and gold held against Postal Savings Bank deposits.

2. Includes United States exchange and short-term securities of the United States Government.

Current Transactions with the United States

The current account deficit with the United States more than doubled in 1951, rising from \$403 million in 1950 to \$955 million and compared with \$1,135 million in 1947, the highest year earlier. The

largest single change responsible for this deterioration was the rise in imports of \$755 million, or 36%. The rise in the value of exports was \$280 million and the rise in the import balance was \$475 million.

STATEMENT 6. Factors in Canada's Current Account Deficit with the United States

(Millions of Canadian dollars)

	1947	1948	1949	1950	1951	Net Change 1951
Merchandise Trade:						
Imports from U.S.A. (adjusted)	1,951	1,797	1,899	2,093	2,848	- 755
Exports to U.S.A. (adjusted)	1,061	1,508	1,521	2,046	2,326	+ 280
Net imports	- 890	- 289	- 378	- 47	- 522	- 475
Non-monetary gold	+ 99	+ 119	+ 139	+ 163	+ 150	- 13
Tourist expenditures	+ 89	+ 154	+ 104	+ 67	+ 9	- 58
Interest and dividends	- 239	- 230	- 285	- 360	- 321	+ 39
Freight and shipping	- 117	- 82	- 67	- 83	- 112	- 29
All other current transactions	- 77	- 65	- 102	- 143	- 159	- 16
Total Current Deficit	- 1,135	- 393	- 589	- 403	- 955	- 552

This was about ten times the size of the adjusted import balance in 1950 but still much less than the import balance of \$890 million in 1947. Another important contributor to the increase in the current deficit in 1951 was the reduced surplus on travel account which made up \$58 million of the net deterioration of \$77 million from non-merchandise trans-

actions with the United States. Other unfavourable changes were the drop in the Canadian dollar value of gold production available for export and increased deficits from freight and shipping and miscellaneous current transactions. The only net change acting to offset some of these increases in the deficit was a reduction in payments of dividends.

Statement 7. Merchandise Trade of Canada with the United States by Main Groups, 1950 and 1951

(Millions of dollars)

	Domestic Exports			Imports		
	1950	1951	Percentage Increase	1950	1951	Percentage Increase
			%			%
Agricultural and Vegetable Products	176.9	263.4	48.9	180.1	208.5	15.8
Animals and Animal Products	253.3	265.5	4.8	57.2	73.5	28.5
Fibres, Textiles, and Textile Products	18.3	19.6	7.1	151.8	221.0	45.6
Wood, Wood Products, and Paper	1,016.4	1,114.6	9.7	92.3	125.6	36.1
Iron and its Products	136.5	169.2	24.0	811.0	1,146.8	41.4
Non-Ferrous Metals and Products	267.1	278.0	4.1	135.7	192.8	42.1
Non-Metallic Minerals and Products	74.0	89.9	21.5	430.9	435.9	1.2
Chemicals and Allied Products	58.5	67.3	15.0	134.6	165.1	22.7
Miscellaneous Commodities	20.0	30.2	51.0	136.9	243.7	78.0
Total (unadjusted)	2,021.0	2,297.7	13.7	2,130.5	2,812.9	32.0

Note. The above figures have not been adjusted for balance of payments purposes.

The rise in the volume of imports from the United States was responsible for much the major part of the increase in import debits in 1951. Another significant part of the import figure used in the balance of payments covers payments to the United States Government on account of purchases of military equipment and supplies. Part of these were delivered abroad and part had not been delivered at the year end. The portion of the rise in imports from the United States which was due to price increases was minor as the increase in the Canadian dollar prices of these imports seems to have been appreciably less than 10%.

The increase in imports has been widespread. Most groups of commodities have shared the rise indicating the high levels of investment and defence activities and consumption. Another significant part of the rise seems to have been related to the inventory rise which was so heavy in the period when imports were at a peak. The groups of commodities from the United States in which increases were greatest reflect a variety of demands.

Almost half of the increase in recorded imports from the United States in 1951 was due to increased imports in the iron and products group. Of the increase of \$336 million in this group of imports, \$92 million was due to imports of non-farm machinery, \$59 million to imports of automobile parts, passenger cars and buses, \$32 million to imports of internal combustion engines, and \$46 million to rolling mill products.

The miscellaneous commodities group showed the second largest increase with a change of \$107 million over 1950. The items contributing most to this increase were tourist imports (included in travel expenditures), aircraft and parts (excluding engines), and refrigerators and parts. Large increases occurred also in the textiles and non-ferrous metals and products groups. In the former group, the largest rise was an increase of \$24 million in raw cotton imports due mainly to a diversion of purchases to the United States, while the increase in the latter group was primarily due to increased imports of electrical apparatus.

Each of the remaining groups showed increases under \$50 million.

The only group which failed to rise significantly in value was non-metallic minerals and products, which is next only to iron and its products in size. The largest commodity in this group which is bituminous coal, fell by \$3 million. Of the remaining large commodities in this group, anthracite coal and gasoline decreased slightly, crude petroleum fell from \$90 million to \$60 million, and fuel oils rose by \$10 million. Influencing the drop in imports of crude petroleum from the United States was the use of new Alberta production and an increased use of overseas sources of supply.

There was not much change in the over-all volume of exports to the United States in contrast to some recent years, like 1948 and 1950, when very rapid increases in the volume of exports to that country occurred. The gain of 13.7% in the value of exports to the United States appears to have been generally a reflection of the rise in export prices. But there were a number of fluctuations both upwards and downwards in the volume of different commodities. No single factor was alone responsible for these changes. The volume of some commodities was significantly higher, notably grains, wood pulp, paper, pulpwood, nickel and asbestos, but declines occurred in the volume of some commodities such as lumber and in most of the non-ferrous metals, notably aluminum, copper and lead. At the same time exports of many other commodities including fish and other animal products remained at a volume comparable to the previous year. United States demands remained generally very high, but declines in demand affected some commodities such as lumber. On the other hand, other commodities like pulp rose further with heavy demands and increasing supplies. Overseas markets took more basic raw materials than formerly. Consequently declines in shipments to the United States were generally accompanied by heavier shipments overseas.

Apart from merchandise trade the largest single change in current transactions with the United States in 1951 was the sharp drop in net receipts on travel account from \$67 million to \$9 million. A large rise in the travel expenditures of Canadians in the United States was the principal reason for this reduction in the balance of receipts. Expenditures by Canadians rose 27% over the previous peak in 1950, reaching a new high of \$246 million. The volume of traffic was generally heavier, particularly in the case of automobile travellers. Average expenditures were also heavier than in previous years, there being less limitation on travel expenditures outside of Canada. Purchases of merchandise constituted a substantial part of total expenditures. There was a gain of 43% in the value of travellers' purchases entered under the \$100 customs exemption privilege in 1951. In contrast there was a slight decline in the estimated expenditures of American travellers in Canada to \$255 million. Although the number of visitors from the United States rose there was a drop in average expenditures due at least partly to the trend towards shorter visits which has been evident for several years.

The deficit with the United States on account of interest and dividends was reduced by \$39 million to \$321 million, which was still much higher than in the years preceding 1950. The principal change in 1951 was a reduction in dividend payments by Canadian companies to United States shareholders from \$321 million to \$284 million. Interest payments on Canadian bonds and debentures held in the United States rose by \$5 million to \$94 million. The remainder of the change was an increase in receipts from the United States by Canadians of \$4 million of interest and \$3 million of dividends to

totals of \$15 million and \$42 million respectively. The drop in dividends mentioned above, occurred in payments by Canadian subsidiaries to parent companies. There was an increase in dividends paid to shareholders in the United States by public companies. The reduction in dividends paid to parent companies indicates that a larger part of earnings of United States controlled companies was reinvested in 1951 than in the preceding year as earnings were generally higher. Influencing the withdrawal of earnings have been such factors as the various needs of companies for funds in Canada at a time of high activity and investment and tightness of credit. Interest payments only rose moderately in 1951 even though there was a large increase in United States holdings of Canadian bonds. Most of the new issues occurred well on in the year and consequently interest payments on new issues in 1951 were not large.

The deficit on freight and shipping account with the United States of \$112 million was \$29 million larger than in 1950. Most of this change was brought about by the increased inland freight to the border on the larger volume of commodities imported from the United States. Payments for inland freight on all commodities moving by rail increased only moderately. This was due to the large element of freight on coal, the volume of which did not change much,

and to the reduced premium on United States exchange. There was a substantial increase on inland freight on non-coal imports, reflecting the rise in volume, and some increase in United States rail rates. Payments to United States shipping companies for charters and ocean freight did not make up a large part of the increase, although they were higher than in the previous year. Receipts from the United States on freight and shipping account were not much different in total from the previous year. Larger receipts by Canadian railways on inland freight were generally offset by reduced receipts of Canadian ships carrying exports to the United States, particularly in some trades like lumber.

There was a substantial increase in the deficit from migrants' funds and inheritances and from all other current transactions which rose in the year from \$143 million to \$159 million. There were marked increases in both receipts and payments, but the increase in payments was greater, while costs of business services contributed to the higher level of both receipts and payments. Another factor increasing receipts was expenditures in Canada by the United States on defence activities and installations. In the case of payments to the United States an important element in the higher level originated in greater outlays for services incurred in the expansion of productive capacity.

Statement 8. Capital Transactions Between Canada and the United States ¹, 1949-1951
(Millions of Canadian Dollars)

	1949	1950	1951
Transactions in Canadian debtor securities:			
Net sales of outstanding issues	+ 26	+ 362	+ 20
New Issues	+ 105	+ 210	+ 404
Retirements	- 136	- 263	- 159
Transactions in foreign debtor securities:			
Net sales of outstanding issues	+ 15	+ 66	+ 15
Retirements	+ 1	+ 7	+ 2
Direct investments in Canada ²	+ 84	+ 199	+ 259
Canadian direct investments abroad ²	+ 16	+ 41	- 4
Change in Canadian dollar balances owned in the United States	- 8	+ 91	- 53
Refunding loan proceeds set aside for retirements	- 18	+ 18 ³	-
Other net private capital movements including errors and omissions	- 36	+ 229	+ 76
Net inflow of capital ¹	+ 49	+ 960	+ 560

1. Exclusive of change in official holdings of gold and U.S. dollars but inclusive of some capital transactions on account of other countries.

2. Exclusive of undistributed profits.

3. Both this item and the related retirements have been recorded at the rate of exchange in effect at the time of the refunding, viz, \$1.00 U.S. = \$1.00 Canadian.

Note. A minus sign (-) designates an outflow of capital from Canada.

Capital Transactions with the United States

The general features of capital movements between Canada and the United States have been described in the section above on Capital Movements. A summary of the principal groups of movements in the account with the United States is shown in statement 8. The net inflow of capital from the United States of \$560 million in 1951 compares with \$960 million in 1950.

Relatively more of the net inflow of capital in 1951 was in types of movement which usually represent long term investment in Canada, such as direct investments, and new issues of securities floated in the United States. Conspicuously large declines occurred in inflows for the acquisition of outstanding domestic securities and in short term movements. There was also much less of the inflow in 1951 taking the form of reductions in Canadian assets in the United States than in previous years.

The value of United States' investments in Canada shown in statements of foreign capital invested in Canada rose by some \$660 million according to a very provisional estimate of the value of investments at the end of 1951 shown in Table 6. This growth mainly occurred in the value of direct investments in branches and subsidiaries through transfers of capital and reinvestments of undistributed earnings, but the value of portfolio investments rose through sales of stock of Canadian companies, and through new issues of Canadian bonds in the United States which exceeded retirements and net repurchases of outstanding bonds. The corresponding increase in the value of the United States investments in 1950 was \$670 million. In both years these increases are exclusive of changes in United States bank balances in Canada and changes in a variety of other short term types of liability which are not included in totals of United States investments in Canada.

STATEMENT 9. Canadian Domestic Exports to the United Kingdom, 1948-1951

(Millions of dollars)

	1948	1949	1950	1951
Wheat	196.5	280.7	173.7	159.2
Wheat flour	61.6	46.7	41.0	43.0
Bacon and hams	67.8	23.4	24.4	0.6
Cheese	11.1	15.2	15.1	8.7
Tobacco, unmanufactured	6.3	7.3	8.3	13.5
Planks and boards	43.9	37.4	20.4	79.0
Woodpulp	21.4	19.3	13.1	37.8
Newsprint	5.3	8.9	1.9	7.5
Other forest products	30.0	19.2	5.3	16.9
Aluminum, primary and semi-fabricated	39.9	48.7	39.2	57.2
Copper, primary and semi-fabricated	34.7	32.3	29.3	28.6
Zinc and lead, primary and semi-fabricated	27.1	29.9	14.7	40.1
Other non-ferrous metals	30.2	37.0	34.2	55.7
All other commodities	111.1	99.0	49.3	83.7
Total exports	686.9	705.0	469.9	631.5

Note. The above figures have not been adjusted for balance of payments purposes.

Current Transactions with the Sterling Area

A striking feature of current transactions in 1951 was the return of a substantial credit balance with the sterling area. This rose from \$5 million in 1950 to \$191 million in 1951. Most of the change occurred in transactions with the United Kingdom which rose from a current surplus of \$28 million to one of \$220 million. There was again a small current deficit with the rest of the sterling area amounting to \$29 million.

The transformation in the current surplus with the United Kingdom was mainly caused by the increase in Canadian exports. Other contributors to the improvement were a larger surplus on freight and shipping account and increased receipts of interest with the first payment of interest by the United Kingdom on the post-war loan from Canada.

The increase in exports to the United Kingdom was from \$469 million to \$636 million. The most

important increases were in forest products and non-ferrous metals which rose \$100 million and \$64 million respectively. In the former case the increases were general with lumber and wood pulp making up the bulk of the increase. In non-ferrous metals aluminium, lead and zinc showed large increases. At the same time there were declines in exports of food, the largest being in wheat, bacon and cheese.

The increase of \$18 million, or 4% in the value of imports from the United Kingdom was moderate compared with the expansion which occurred in the previous year, and the over-all volume of imports appears to have declined. The principal reason for the decline in volume was the reduction in imports of automobiles in the second half of the year. The value of automobiles imported in the year dropped from \$73 million to \$29 million. The value of imports of textiles rose to a new peak and imports of many other commodities were higher, particularly in the field of metal products. But these increases were less than the drop in automobiles.

The improvement in the current balance from non-merchandise transactions with the United Kingdom was \$43 million. These transactions were close to balance in 1951 compared with a deficit of \$42 million in the previous year. The principal factors bringing about this change were the increases in interest receipts of \$24 million and an increase in freight and shipping receipts of \$27 million. The former change was mainly due to the receipt of \$23.7 million on the post-war loan. The latter improvement was a reflection of earnings on the increased volume of exports combined with transfers of earnings to Canadian shipping companies by the British managers of Canadian vessels to whom ships had been transferred in 1950 for operation under British registry. Receipts from United Kingdom travellers and transfers of immigrants' funds and inheritances were only slightly higher in 1951 as each of these types of British expenditure are restricted. This stability in transfers by immigrants continued in spite of a much larger volume of immigrants from the United Kingdom as there was a smaller portion of instalment transfers continuing from earlier years.

There was also a substantial increase in current Canadian payments to the United Kingdom for non-merchandise items. Payments on freight and shipping account were higher with larger earnings of British shipping companies, and payments of interest and dividends of \$59 million also showed a gain of \$4 million over 1950 with a rise in dividends to United Kingdom shareholders. There were also increases in payments to the United Kingdom for services. Larger transfers on account of insurance and a rise in government expenditures were the principal factors in the increase in payments for miscellaneous services.

There was again a small current deficit with the rest of the sterling area in contrast with the surplus which was characteristic before 1950. The deficit rose from \$23 million to \$29 million. This contrasts with a surplus of \$135 million in 1949 and \$241 million in 1947. The principal changes in current transactions with this group of countries in 1951 were on merchandise account. An increase in the volume of exports occurred but the rise in prices of some primary commodities, like wool, rubber and tin purchased from Commonwealth countries, was enough to more than offset this gain.

Exports to most Commonwealth countries were higher in 1951 than in 1950 but the total value was still less than in 1948 or 1949. Restrictions on imports of Canadian goods continued to prevent the total of exports to Commonwealth countries returning to the levels before the intensification of restrictions in 1949. These were particularly instrumental in reducing or eliminating many exports of manufactured goods from Canada. The bulk of the increase in the value of exports which did occur was concentrated in a small range of basic commodities. While many other commodities did increase in 1951 they remained comparatively small individually. For example, the main items accounting for the increase were wheat, lumber and automobiles. The increase in wheat exports was primarily due to an increase in exports to India which rose from \$5.2 million in 1950 to \$18.7 million in 1951. Exports of automobiles, both passenger and freight, increased from \$23.7 million to \$33.7 million, with the Union of South Africa accounting for almost half of the rise. Other increases were scattered through a wide range of commodities. Exports of locomotives to India, which had been \$27.1 million and \$10.9 million respectively in 1949 and 1950, were of negligible size in 1951.

The principal factor influencing the sharp rise in the value of imports from the rest of the sterling area was the increase in prices of primary commodities. The volume imported of many of these was no higher than in the previous year, increases in volume being less frequent than declines. The greatest increases in value were in commodities imported from Australia, the Federation of Malaya, and New Zealand. The value imported from other regions was approximately the same as in the previous year.

There continued to be net receipts from all other current transactions with the rest of the sterling area. These were slightly less than in the previous year with a decline in dividend receipts. Earnings on inland and ocean freight were the principal sources of net receipts but were again much less than several years ago when the volume of trade and the number of Canadian shipping vessels on Commonwealth routes were greater.

STATEMENT 10. Summary of Current and Capital Transactions Between Canada and the Sterling Area, 1938 and 1946-1951

(millions of dollars)

	1938 ¹	1946	1947	1948	1949	1950	1951 ³
Current Account:							
Gross Current Receipts	508	1,144	1,382	1,260	1,230	829	1,117
Gross Current Payments	337	480	508	645	656	824	926
Current Account Balance	+ 171	+ 664	+ 874	+ 615	+ 574	+ 5	+ 191
Current surplus with United Kingdom	+ 127	+ 500	+ 633	+ 486	+ 439	+ 28	+ 220
Current surplus with Other Sterling Area ¹	+ 44	+ 164	+ 241	+ 129	+ 135	- 23	- 29
Capital Account:							
Postwar Loan to United Kingdom	-	- 540	- 423	- 52	- 120	- 50	+ 14
Repayments by U.K. on War Loans	-	+ 89	+ 104	+ 64	+ 5	+ 51	+ 34
British Financial Settlement and Interim Advances (net)	-	+ 38	-	-	-	-	-
Repatriations of Securities	- 33	- 131	- 50	- 18	- 26	- 53	- 33
Other Capital Movements	- 26	+ 29	- 7	- 20	+ 74	+ 61 ⁴	- 324 ⁴
Net Capital Movement	- 59	- 515	- 376	- 26	- 72	+ 9	- 17
Sales of Gold or Convertible Exchange	- 112 ²	- 150	- 505	- 597	- 491	- 14	- 174
Balancing Item	-	+ 1	+ 7	+ 8	- 11	-	-
	- 171	- 664	- 874	- 615	- 574	- 5	- 191

1. Includes only Commonwealth countries in 1938.

2. In 1938 this item indicates the net amount of exchange available for multilateral settlements.

3. Subject to revision.

4. Including balancing item.

Capital Transactions with the Sterling Area

Capital transactions between Canada and the sterling area of a long-term character were inwards on balance, although to a considerable extent offsetting. There were inflows in connection with payments of government loans and for direct investment in Canada by British companies and outflows in connection with security transactions in the form of retirements and liquidations of outstanding securities and small outflows for direct investments in the sterling area. Short-term movements, mainly in the form of a reduction in British balances in Canada, were large and outward in direction in contrast to the previous year.

Repayments on government loans totalling \$47.8 include the first instalment of \$14 million principal on the post-war loan of 1946 and \$33.8 million on the war loan of 1942. The amount outstanding on the post-war loan was, therefore, reduced to \$1,171 million and the war loan, which originally totalled \$700 million, was reduced to approximately \$222.7 million. Repayments on the war loan are related to certain groups of capital movement between Canada and the United Kingdom, principally liquidations in earlier periods of United Kingdom holdings of Canadian securities either through sale or redemption. But offsetting part of these outward movements of capital from Canada in the calculation are inflows of a direct investment character in con-

nection with the development or expansion of businesses in Canada owned in the United Kingdom and in earlier years British expenditures in Canada on certain aircraft.

Capital inflows on private account included \$28 million for direct investment by British businesses in Canadian branches and subsidiaries. This is considerably greater than in the previous year when corresponding inflows were \$19 million. These capital movements shown in the capital account of the balance of payments are exclusive of reinvested earnings and consequently the full rise in value of British direct investments was greater than this. In 1950 the value of all British direct investments in Canada rose by about \$40 million to \$447 million. The growth in this group of investments has been chiefly in concerns engaged in manufacturing or merchandising. These two groups alone show a rise of \$47 million in 1950 of which \$38.9 million was in manufacturing and \$8.3 million in merchandising establishments. These represent a substantial rate of annual growth, about 15% in the case of each group of investment. There were, however, in 1950 small declines in investments in railways and financial concerns. In the four years from 1947 to 1950 British direct investments in the manufacturing industries in Canada have risen by \$133 million or 86%.

Transactions in securities with the United Kingdom led to outward movements of capital as investments of this type are still subject to British controls. Redemptions of Canadian securities, mainly owned in the United Kingdom, amounted to \$24 million. But there were some new issues sold to United Kingdom residents in connection with refinancing. The issues retired were chiefly municipal and corporation bonds. Repurchases of Canadian securities from the United Kingdom amounted to \$16 million, about half the total of the previous year and were mainly made up of stocks of Canadian companies. Also adding to the outflow of capital to the sterling area were net outward movements from Canada in connection with the establishment or development of direct investments by Canadian com-

panies. These were \$6 million compared with \$4 million in 1950.

Short-term movements of capital were outwards from Canada on balance. The largest change was a reduction in British cash balances in Canada which had risen during the previous year.

Multilateral settlements with the sterling area amounted to \$174 million. This contrasts with the previous year when these transactions were mainly offsetting. These debit entries represent receipts of exchange from the United Kingdom and the rest of the sterling area taking a variety of forms. While official transactions make up the largest part of the total there were also some private transactions in the settlement of accounts between the sterling area and Canada.

Transactions with Other Overseas Countries

One of the outstanding features of Canadian trade in 1951 was the rise in exports to overseas countries. Exports to all non-sterling countries overseas rose by \$301 million. There was a rise in Canadian imports from the same group of countries of about one-half this amount with the result that the export balance rose by \$166 million. This was the principal reason for the rise in the credit balance with these countries of \$171 million of which \$111 million was from the improvement with the non-sterling countries of the OEEC. The current account surplus of \$220 million with these latter countries was almost as large as the surplus in 1948. There was also a surplus of \$20 million with the remaining non-sterling countries overseas compared with a deficit of \$40 million in the previous year.

A large part of the rise in exports was in food and raw materials to the OEEC countries. Exports to this region rose by \$166 million and the export balance by \$106 million, as imports also increased moderately. Increases in exports to Belgium, France, Germany, Italy, the Netherlands and Norway were particularly large and with most of these countries the export balance was also large even though Canadian imports from the same countries generally increased sharply. About one-third of the exports to Europe was in wheat and flour in 1951 and the total of these commodities was almost double the previous year. Another sharp gain occurred in exports of coarse grains, and large increases in wood pulp, pulpwood and copper constituted most of the remainder of the increases in exports to the Continent. In the case of imports from Europe there was a striking increase in imports of rolling mill products. Imports of machinery and textiles were also much higher. The increase was distributed over imports from most countries, but increases from Germany, Belgium and France were most outstanding.

Another outstanding development in trade was the rise in exports to Japan which increased to more

than three times the value in 1950, with particularly large gains in wheat and pulp. A general increase in exports to Latin America also contributed to the growth in exports and Canada had export balances with some countries in that region, such as Brazil and Mexico, where trade in the previous year had resulted in import balances. The large import balance from Venezuela arising from petroleum imports increased, however, with the result that the import balance with Latin America was only reduced from \$70 million to \$66 million.

The principal changes in non-merchandise items were increased receipts on freight and shipping account and in transfers by immigrants. The former was due chiefly to larger inland freight receipts on the increased volume of goods exported and the latter reflects the increased volume of migration from the Continent to Canada. There were also increased payments on shipping account for freight on imports carried by European ownedships, and personal remittances were also heavier.

Capital transactions with other overseas countries in 1951 included receipt of \$20 million principal on Canadian export credits. Net sales of outstanding Canadian securities amounted to \$34 million compared with \$1 million in 1950, and were mainly to Switzerland, while \$9 million was received for direct investment in Canada compared with \$3 million in 1950. While there was on balance a small net liquidation of Canadian direct investments in these countries in 1950, in 1951 there was an outflow from Canada of \$16 million in connection principally with Canadian enterprises in Latin America. The outflow of \$23 million recorded under other capital movements compares with an outflow of \$29 million in 1950 and reflects mainly the reduction of Canadian dollar liabilities to these countries and to international institutions.

Mutual Aid by Canada

The entries of Mutual Aid shown in Table 3 are confined to contributions by the Canadian government to the North Atlantic Treaty countries under the Defence Appropriation Act. These contributions have been made up mainly of transfers from Canadian stocks of military equipment and supplies. The shipments have not been included in totals of recorded exports in the statistics of Canadian merchandise trade because of their special character. The contributions also include the provision of air training in Canada to European air crews. The entries in current credits covering exports of Mutual Aid are offset by entries of corresponding size in current debits representing the contribution of this aid to Nato countries. The figures of Mutual Aid have not been shown by countries, being only included in the

column for all countries. The provision of Mutual Aid does not give rise to international capital movements. Consequently the entry of Mutual Aid in the current account does not affect the current account balance which in the past two years has reflected the net movement of capital to Canada.

Other contributions by the Canadian government to the work of international organisations are included in the item "All other Current Payments", of the current account. In the last two years these have included cash contributions and some exports in kind to such organisations as the International Refugee Organisation, the United Nations International Children's Emergency Fund, and United Nations Korea Relief.

Miscellaneous Current Transactions

Miscellaneous current transactions have grown rapidly in the last few years. The bulk of these transactions is with the United States, but in some cases, such as insurance, transactions with the United Kingdom are also large. These transactions are shown in five groups in statement 11. Miscellaneous government transactions exclude such items as imports and interest; they include grants to international agencies but not to Nato countries, the latter being covered separately. The largest item, and the one accounting for most of the fluctuation from year to year, is that of business services.

In the item labelled business services and other transactions, the business services account for over

four-fifths of the receipts and about three quarters of the payments. On the payments side, a large part of the other transactions consists of payments by railways for various purposes which often correspond to services. The business services cannot be classified easily at this time, but they cover such items as royalties, patents and copyrights, administration and management, services on imports, commissions, and so on. A large part of these services are associated with United States direct investments in Canada and Canadian direct investments abroad. The high rate of investment activity in recent years has led to particularly large payments to the United States for services in connection with these development projects.

STATEMENT 11. Miscellaneous Current Transactions With All Countries - 1950 and 1951
(Millions of dollars)

	1950		1951 ¹	
	Receipts	Payments	Receipts	Payments
Government transactions, n.o.p.	51	39	58	42
Insurance transactions, n.o.p.	20 18	28 27	18	35
Personal and institutional remittances	15 16	36	18	44
Miscellaneous income ²	26 30	25 26	29	19
Business Services and other transactions	106 118	256 254	153	316
Total	233	384	276	456

1. Subject to revision.

2. Including transfers of branch profits by insurance companies.

Changes in Prices and Volume

As was the case in 1950, the prices of merchandise imports as a whole in 1951 rose more quickly than did export prices. The result was that the terms of trade, measuring the ratio of export to import prices, continued to decline. In other words, as compared with the base period 1948, a larger volume of commodities had to be exported in 1951 to secure a given volume of imports. The deterioration in the terms of trade was not as great as in the previous year, since the increase of 13.1% in export prices was not much less than the import price increase of 14.2%. It should be mentioned also that the greatest deterioration in the terms of trade in 1950 and 1951 was concentrated in the period from December 1950 through June 1951. This period coincides roughly with the period of large deficits in our current account. In the latter half of 1951 there was a marked improvement in the terms of trade which raised this

index to 103.5 in December from a low point of 94.1 in May.

The volume indexes indicate that in 1951 the 11% increase in the volume of exports was not far behind the 12.5% increase in the volume of imports, while in 1950 the volume of exports remained almost unchanged while imports rose 7.6%.

Here again it is worth stressing that the heaviest import volumes were concentrated in the last quarter of 1950 and the first half of 1951, falling off considerably in the latter half of 1951. The volume of exports, on the other hand, was particularly low in the first half of 1951 when import volume was so high. In the second half of the year, however, the volume of exports was much higher.

STATEMENT 12. Merchandise Export and Import Price and Volume Indexes and the Terms of Trade

1948 = 100

	Export Price Index	Import Price Index	Terms of Trade	Export Volume Index	Import Volume Index
1948	100.0	100.0	100.0	100.0	100.0
1949	103.3	103.1	100.2	94.2	101.6
1950	108.3	110.3	98.2	93.6	109.2
1951	122.5	126.0	97.2	103.9	122.9

Foreign Exchange Rates

The market rate for the United States dollar in Canada averaged \$1.0527 in 1951. The rate rose from an average of \$1.0517 in January to \$1.0694 in June and declined thereafter to \$1.0435 in November and \$1.0256 in December.

The end of foreign exchange control in Canada was announced by the Minister of Finance on December 14, 1951. Consequently, all Canadian exchange restrictions on international security transactions and other capital movements were eliminated from that date.

FOREIGN CAPITAL INVESTED IN CANADA

In 1950 and 1951 foreign capital investments in Canada increased more than in any earlier years in recent decades. The annual increase of over \$700 million in value in each year has been at a rate close to 9% of the total of foreign investments in Canada. The largest part of this increase has been in the value of United States investments which have been increasing at a rate of more than 10% in each of the last two years. The total value of non-resident investments in Canada at the end of 1951 is estimated provisionally at about \$9,424 million compared with \$8,646 million at the end of 1950 and \$7,939 million in 1949. At the close of the recent war the value of non-resident investments was \$7,092 million. The principal growth has been in United States investments. These have risen

from \$4,990 million in 1945 to \$5,905 million in 1949, \$6,565 million in 1950 and estimated \$7,235 million in 1951. In the same six years British investments in Canada have not changed so much in total value, although they also have risen in the last two years from \$1,694 million in 1949 to \$1,723 million in 1950 and an estimated \$1,772 million in 1951. Investments held in other countries than the United Kingdom and the United States did not change greatly in the period until 1951 when a sharp rise occurred from \$358 million in 1950 to an estimated \$417 million by the end of 1951. Detailed statistics on these investments appear in Tables 6 to 12.

The rise in United States investments has been both in direct investments and in portfolio holdings

of public securities. In the two years 1950 and 1951 direct investments have increased by approximately \$800 million in value. Holdings of Canadian government and municipal bonds rose by \$364 million and other portfolio holdings of securities by an estimated \$131 million. These increases are in the book

values of the investments and reflect reinvested earnings. There was an even greater rise in the market values of the investments in the last two years and the aggregate market value at the end of 1951 would be much higher than the book values shown in these statistics.

STATEMENT 13. Value of United States Investments in Canada 1945, 1949-1951

(Millions of dollars)

	1945	1949	1950	1951 ¹
Direct Investments.....	2,304	3,095	3,442	3,900
Government and Municipal Bonds	1,450	1,534	1,746	1,898
Other Portfolio Investments	1,106	1,106	1,187	1,237
Miscellaneous Assets	130	170	190	200
Total book value	4,990	5,905	6,565	7,235

1. Provisional estimate subject to revision.

United States direct investments at book values are now more than twice the value of this group in 1939. The distribution and growth of direct investments up to 1950 are shown in Table 12. This growth has been distributed throughout the main branches of industry with the principal exception of public utilities in which group the value of United States investment in controlled companies has not changed much. The increased investment in the petroleum industry and in mining in the last two years has accounted for a large part of the rapid growth since 1949. Increased investments in manufacturing have been a feature of all post war years. The extent of the inflows of

capital in 1950 and 1951 into the petroleum industry and mining is shown in statement 15. In the latter statement only transfers of capital shown in the capital account of the balance of payments are included. In addition there have been substantial increases in investment through reinvested earnings particularly in the field of manufacturing.

At the end of 1950 there were 2,568 Canadian concerns controlled in the United States, of which 1,229 were in manufacturing. This compares with a total of 1,985 concerns controlled in the United States in 1945, of which 992 were in manufacturing.

Relative Size of Non-resident Capital Invested in Canada

This growth in non-resident investments in Canada has occurred in a period of exceptional development in Canada. As the non-resident investment has only financed a comparatively small portion of the total capital investment there has been no wide change in the non-resident owned ratio of all investments in Canada. The latter has been influenced more by the investments in earlier periods of national development when the non-resident contribution was relatively greater. Earlier periods of rapid development this century were in the years immediately before the First Great War and in the period ending in 1930. A comprehensive valuation of all the capital invested in Canada at the end of 1951 is not available and in any case there are special problems of evaluating many types of Canadian owned asset. It is possible, however, to judge the relative position of foreign capital in Canada in some spheres. For example, non-resident holdings of Canadian bonds, estimated at \$3,455 million at the end of 1951, constituted 15.2% of the total funded debt of all Canadian governments and

corporations of approximately \$22.6 billion as shown in statement 14. The bonds owned in the United States at that date were 12.2% of the total Canadian bonded debt. These ratios are not very different from several years earlier even though the non-resident holdings of Canadian bonds has increased through new issues sold in the United States and through transactions in outstanding bonds. In 1947 non-residents owned 13.1% of an estimated \$21.5 billion outstanding at that time. In 1939 non-resident holdings of \$3,504 million were over one-third of the \$10 billion of Canadian bonds then outstanding. Bonds owned in Canada have risen from about \$6.5 billion in 1939 to some \$19.2 billion in 1951.

Another sphere of investments where the non-resident share of capital may be measured approximately is in the business sector of the Canadian economy. In this sphere the non-resident owned ratio is higher than in the case of bond ownership. The group of total investments in Canada selected for this comparison includes corporate investments

STATEMENT 14. Estimated Distribution of Ownership of Funded Debt of Canadian Governments and Corporations, End of 1951

(Millions of dollars)

Items	Distribution of Ownership				
	Amounts Outstanding	Canada	United States	United Kingdom	Other Foreign Countries
Dominions — Direct and Indirect excluding Railways	14,842	13,829	887	70	56
Provincials — Direct and Indirect excluding Railways	2,674	1,903	732	38	1
Municipals.....	1,281	962	279	38	2
Total — Government Bonds.....	18,797	16,694	1,898	146	59
Per cent Distribution.....	100.0	88.81	10.10	0.78	0.31
Steam Railways	1,135	479	315	309	32
Other Corporations.....	2,700	2,004	559	110	27
Total Bonds and Debentures	22,632	19,177	2,772	565	118
Per cent Distribution.....	100.0	84.73	12.25	2.50	0.52

1. Amounts outstanding exclude sinking funds, and in some cases are estimated. The total for other corporations excludes some domestic issues held in Canada

2. Some securities shown as held in the United States and United Kingdom are beneficially owned in other countries.

in manufacturing, mining, railways and public utilities, and in the case of merchandising an estimate of all investments including those in non-corporate forms. But many groups of assets predominantly owned in Canada have not been taken into the calculation such as residential properties, agricultural assets and other forms of real estate.

The most recent year for which a detailed evaluation of Canadian owned investments in the business sector of the economy is available is 1949. This shows that Canadian ownership in that year amounted to about 68% of the total. An estimate for 1950 points to about the same proportion in that year and it is not likely that the corresponding ratio in 1951 was changed significantly. The non-resident owned ratio of 32% in these years compares with 38% in 1939. United States ownership of Canadian industry amounted to less than a quarter of the total capital invested by the end of 1950.

Non-resident ownership in manufacturing varies widely in different branches of industry. In some industries like the automobile industry most of the capital is non-resident owned or controlled, while in other industries, like cotton textiles or primary iron and steel, most of the ownership or control is

Canadian. In manufacturing as a whole the total non-resident ownership was about 44% in 1949 and United States ownership about 37% including investments in petroleum development by companies engaged in petroleum refining.

In mining and smelting, including only investments in petroleum exploration and development by non-refining companies, the non-resident owned percentage had risen in 1949 to 42% and the United States investment to 35%. In 1950 the United States investment in all branches of the petroleum industry in Canada amounted to 54% of the total book value.

In railways non-resident ownership in 1949 was 43% and United States ownership 20%, while with other utilities the corresponding percentages were 16% and 13%.

In merchandising non-resident ownership has continued to be close to 9%.

If it were possible to estimate satisfactorily the total value of all forms of Canadian investment it seems likely that the ratio of non-resident ownership to all investments in Canada is somewhere closer to the 15% in the case of funded debt than to the 32% in the case of the narrower field of business investment.

STATEMENT 15. Estimates of New Inflows of Capital from the United States for Direct Investment in Canada, 1948-1951

(Millions of Canadian dollars)

	1948	1949	1950	1951 ¹
New Inflows of Capital:				
Petroleum exploration, development and refining	23	59	98	140
Transportation	—	—	18	14
Mining	4	10	29	37
Pulp and Paper	14	3	9	22
Other Manufacturing and miscellaneous	37	42	88	86
Total Inflow of new capital as above.....	78	114	242	299
Return of Capital	11	30	43	40
Net Capital Inflow (as in statement 8)	67	84	199	259

1. Subject to revision.

TABLE 1. Summary of Revised Estimates of Canada's International Accounts, 1950
(Millions of dollars)

	All Countries	United Kingdom and Sterling Area	Other O.E.E.C. Countries	Other Overseas Countries	United States ¹
A. Current Account:					
1. Current Account Balance	- 329	+ 5	+ 109	- 40	- 403
B. Capital Account:					
1. Postwar loan to United Kingdom	- 50	- 50	—	—	—
2. Principal repayments on Export Credits	+ 23	—	+ 16	+ 7	—
3. Repayment of war loans	+ 51	+ 51	—	—	—
4. New Issues of Canadian securities	+ 210	—	—	—	+ 210
5. Retirements of Canadian securities	- 283	- 18	- 2	—	- 263
Net trade in outstanding securities:					
6. Canadian securities	+ 328	- 35	- 4	+ 5	+ 362
7. Foreign securities	+ 68	+ 1	+ —	+ 1	+ 66
8. Direct Investments in Canada	+ 221	+ 19	+ 1	+ 2	+ 199
9. Canadian direct investments abroad	+ 36	- 4	- 2	+ 1	+ 41
10. Other capital movements ²	+ 419	+ 45	+ 20	+ 9	+ 345 ³
11. Net receipts of exchange from overseas countries	—	- 14	- 138	+ 15	+ 137
12. Balance from all above transactions	+ 694	—	—	—	+ 694
13. Increase in official holdings of gold and U.S. dollars	+ 694	—	—	—	+ 694

1. Including some capital transactions on account of "other overseas countries".

2. Including errors and omissions.

3. Including increase in Canadian dollar balances owned in the United States (\$91 million) and use of 1949 loan proceeds set aside for retirements in 1950 (\$18 million).

Note. A minus sign (-) designates payments, outflows of capital from Canada, or receipts of exchange in the single case of item B. 11.

TABLE 2. Summary of Preliminary Estimates of Canada's International Accounts, 1951
(Millions of dollars)

	All Countries	United Kingdom and Sterling Area	Other O.E.E.C. Countries	Other Overseas Countries	United States ¹
A. Current Account:					
1. Current Account Balance	- 524	+ 191	+ 220	+ 20	- 955
B. Capital Account:					
Repayment to Government of Canada:					
1. Postwar loans	+ 34	+ 14	+ 17	+ 3	—
2. War loans	+ 34	+ 34	—	—	—
3. New Issues of Canadian securities	+ 411	+ 7	—	—	+ 404
4. Retirements of Canadian securities	- 184	- 24	- 1	—	- 159
Net trade in outstanding securities:					
5. Canadian securities	+ 38	- 16	+ 34	—	+ 20
6. Foreign securities	+ 12	—	—	- 3	+ 15
7. Direct Investments in Canada	+ 296	+ 28	+ 9	—	+ 259
8. Canadian direct investments abroad	- 26	- 6	- 5	- 11	- 4
9. Other capital movements ²	- 52	- 54	- 13	- 10	+ 25 ³
10. Net receipts of exchange from overseas countries	—	- 174	- 261	+ 1	+ 434
11. Balance from all above transactions	+ 39	—	—	—	+ 39
12. Increase in official holdings of gold and U.S. dollars	+ 39	—	—	—	+ 39

1. Including some capital transactions on account of "other overseas countries".

2. Including errors and omissions.

3. Including decrease in Canadian dollar balances owned in the United States (\$53 million).

Note. A minus sign (-) designates payments, outflows of capital from Canada, or receipts of exchange in the single case of item B. 10.

**TABLE 3. Current Account of the Canadian Balance of International Payments
Revised Statement for 1950 and Preliminary Estimates for 1951**

(Millions of dollars)

	All Countries		United Kingdom		Other Sterling Area		United States		Other O.E.E.C. Countries		All Other Countries	
	1950	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950	1951
A. Current Receipts:												
Merchandise exports (adjusted)	3,139	3,950	469	636	201	264	2,046	2,326	200	366	223	358
Mutual Aid to NATO Countries ¹	57	165	—	—	—	—	—	—	—	—	—	—
Gold Production available for export	163	150	—	—	—	—	163	150	—	—	—	—
Travel expenditures	275	271	7	8	3	3	260	255	4	4	1	1
Interest and dividends	91	115	6	30	8	4	50	57	14	14	13	10
Freight and shipping	284	337	61	88	18	17	157	164	24	37	24	31
Inheritances and immigrants' funds ..	58	77	13	14	1	3	31	32	11	22	2	6
All Other current receipts	233	276	39	47	3	3	168	213	12	5	11	8
Total Current Receipts	4,300	5,341	595	823	234	294	2,875	3,197	265	448	274	414
B. Current Payments:												
Merchandise Imports (adjusted)	3,129	4,103	399	417	244	310	2,093	2,848	113	173	280	355
Travel expenditures	226	280	19	20	5	5	193	246	8	8	1	1
Interest and dividends	474	447	55	59	—	—	410	378	7	8	2	2
Freight and shipping	301	347	36	43	3	3	240	276	14	18	8	7
Inheritances and emigrants' funds ..	58	67	10	10	1	1	44	52	2	3	1	1
Mutual Aid to NATO Countries ¹	57	165	—	—	—	—	—	—	—	—	—	—
All other current payments	384	456	48	54	4	4	298	352	12	18	22	28
Total Current Payments	4,629	5,865	567	603	257	323	3,278	4,152	156	228	314	394
C. Current Account Balance	- 329	- 524	+ 28	+ 220	- 23	- 29	- 403	- 955	+ 109	+ 220	- 40	+ 20

1. Mutual Aid is not included in figures for countries or areas, but is included in total receipts and total payments with all countries. This represents contributions to North Atlantic Treaty Countries of equipment and supplies and the provision of air training by the Canadian Government.

TABLE 4. Current Account Between Canada and All Countries, 1926-1951

(Millions of dollars)

Year	Current Receipts ¹	Current Expenditures ²	Net Balance Including Mutual Aid Exports	Mutual Aid and Other Official Contributions	Net Balance on Current Account Indicating Net Movement of Capital
1926	1,665	1,538	+ 127	—	+ 127
1927	1,633	1,643	- 10	—	- 10
1928	1,788	1,820	- 32	—	- 32
1929	1,646	1,957	- 311	—	- 311
1930	1,297	1,634	- 337	—	- 337
1931	972	1,146	- 174	—	- 174
1932	808	904	- 96	—	- 96
1933	829	831	- 2	—	- 2
1934	1,020	952	+ 68	—	+ 68
1935	1,145	1,020	+ 125	—	+ 125
1936	1,430	1,186	+ 244	—	+ 244
1937	1,593	1,413	+ 180	—	+ 180
1938	1,361	1,261	+ 100	—	+ 100
1939	1,457	1,331	+ 126	—	+ 126
1940	1,776	1,627	+ 149	—	+ 149
1941	2,458	1,967	+ 491	—	+ 491
1942	3,376	2,275	+ 1,101	- 1,002	+ 99
1943	4,064	2,858	+ 1,206	- 518	+ 688
1944	4,557	3,539	+ 1,018	- 960	+ 58
1945	4,456	2,910	+ 1,546	- 858	+ 688
1946	3,365	2,905	+ 460	- 97	+ 363
1947	3,746	3,661	+ 85	- 38	+ 47
1948	4,147	3,676	+ 471	- 19	+ 452
1949	4,077	3,890	+ 187	—	+ 187
1950	4,300	4,572	- 272	- 57	- 329
1951	5,341	5,700	- 359	- 165	- 524

1. Including Mutual Aid exports.

2. Excluding Mutual Aid offsets.

TABLE 3. Geographical Distribution of the Balance on Current Account, 1926-1951
(Millions of dollars)

Year	All Countries	United Kingdom ¹	Other Overseas Countries ²	United States ³
1926	+ 127	+ 58	+ 300	- 231
1927	- 10	- 19	+ 257	- 248
1928	- 32	- 21	+ 338	- 349
1929	- 311	- 99	+ 225	- 437
1930	- 337	- 106	+ 113	- 344
1931	- 174	- 54	+ 85	- 205
1932	- 96	- 14	+ 86	- 168
1933	- 2	+ 26	+ 85	- 113
1934	+ 68	+ 46	+ 102	- 80
1935	+ 125	+ 62	+ 92	- 29
1936	+ 244	+ 122	+ 123	- 1
1937	+ 180	+ 135	+ 122	- 77
1938	+ 100	+ 127	+ 122	- 149
1939	+ 126	+ 137	+ 105	- 116
1940	+ 149	+ 343	+ 98	- 292
1941	+ 491	+ 734	+ 75	- 318
1942	+ 1,101	+ 1,223	+ 58	- 180
1943	+ 1,206	+ 1,149	+ 76	- 19
1944	+ 1,018	+ 746	+ 241	+ 31
1945	+ 1,546	+ 747	+ 763	+ 36
1946	+ 460	+ 500	+ 567	- 607
1947	+ 85	+ 633	+ 587	- 1,135
1948	+ 471	+ 486	+ 378	- 393
1949	+ 187	+ 439	+ 337	- 589
1950	- 329	+ 28	+ 46	- 403
1951	- 524	+ 220	+ 211	- 955

1. Excluding wheat exports diverted to other overseas countries, and exports of gold.

2. Including estimated wheat sold in European Countries.

3. Including all net exports of non-monetary gold.

Note. In the years 1942-1948 balances include exports of currently produced goods provided as Mutual Aid or Official Contributions (See also preceding table).

TABLE 6. Summary Statistics on Canada's International Investment Position

A. Summary — Non-Resident Investments in Canada, 1926-1951

(Millions of dollars)

—	1926	1930	1939	1945	1946	1947	1948	1949 ¹	1950 ¹	1951 ^{1,3}
Held in United Kingdom	2,636.3	2,766.3	2,475.9	1,750.0	1,668.0	1,631.0	1,593.0	1,694.0	1,723.0	1,772.0
Held in United States	3,196.3	4,659.5	4,151.4	4,990.0	5,157.0	5,200.0	5,566.0	5,905.0	6,565.0	7,235.0
Held in Other Countries	170.0	188.0	286.0	352.0	353.0	343.0	332.0	340.0	358.0	417.0
Total — Non-Resident Investments in Canada	6,002.6	7,613.8	6,913.3	7,092.0	7,178.0	7,174.0	7,491.0	7,939.0	8,646.0	9,424.0

B. Summary — Value of United States Direct Investments in Canada in Companies Controlled in the United States, by Forms of Investment, 1926-1950 (Included in Summary A)

(Millions of dollars)

—	1926	1930	1939	1945	1946	1947	1948	1949	1950
Capital Stocks	1,000.0	1,329.4	1,289.2	1,613.0	1,691.0	1,804.0	2,052.0	2,200.0	2,394.6
Bonds	187.6	336.3	305.8	292.0	320.0	306.0	309.0	339.0	357.0
Other Investments	214.9	327.0	285.9	399.0	417.0	438.0	446.0	556.0	691.0
Total	1,402.5	1,992.7	1,880.9	2,304.0	2,428.0	2,548.0	2,807.0	3,095.0	3,442.0

C. Summary — Canadian Assets Abroad, 1930-1951

(Excluding Investments of Insurance Companies)

(Millions of dollars)

—	1930	1939	1945	1946	1947	1948	1949	1950	1951
Direct Investments Outside of Canada	443	671	720	772	822	788	904	990 ³	2
Portfolio Holdings of Foreign Securities	842	719	621	551	579	605	638	598	578 ³
Government Credits	31	31	707	1,362	1,816	1,878	2,000	1,990	1,922
Net External Assets of Canadian Banks ²	180	2	2	2	2	2	2	2	2
Official Balances Abroad and Gold	2	455	1,667	1,251	511	1,006	1,232	1,876	1,846
Total	1,496	1,876	3,715	3,936	3,728	4,277	4,774	5,454	2

1. Including Newfoundland.

2. Not available.

3. Tentative estimate.

Note. A more detailed analysis of British and Foreign Investments in Canada and Canadian Investments Abroad has been published in Canada's International Investment Position, Selected Years 1926 to 1949.

TABLE 7. Foreign Capital Invested in Canada, as at Year Ends, Representative Years, 1926 - 1950

Classification by Types of Investment
TOTAL NON-RESIDENT INVESTMENT IN CANADA
 (Millions of dollars)

Types of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950
GOVERNMENT SECURITIES:									
Dominion	638.0	682.0	823.0	726.0	750.0	713.0	823.0	975.0	1,141.0
Provincial	421.6	592.3	536.0	624.0	594.0	551.0	528.0	534.0	565.0
Municipal	374.1	431.5	344.0	312.0	267.0	264.0	248.0	246.0	256.0
Total	1,433.7	1,705.8	1,703.0	1,662.0	1,611.0	1,528.0	1,599.0	1,755.0	1,962.0
PUBLIC UTILITIES:									
Railways	1,938.4	2,244.3	1,870.6	1,599.0	1,583.0	1,586.0	1,504.0	1,445.0	1,456.0
Other	394.5	633.4	549.4	494.0	557.0	473.0	468.0	494.0	543.0
Total	2,332.9	2,877.7	2,420.0	2,093.0	2,140.0	2,059.0	1,972.0	1,939.0	1,999.0
Manufacturing	1,198.3	1,573.0	1,445.2	1,829.0	1,895.0	2,029.0	2,317.0	2,539.0	2,763.0
Mining and Smelting	219.1	334.1	329.1	403.0	386.0	396.0	424.0	494.0	628.0
Merchandising	149.8	202.9	189.3	226.0	238.0	248.0	262.0	279.0	310.0
Financial Institutions	343.6	542.9	472.7	525.0	557.0	553.0	541.0	548.0	566.0
Other Enterprises	65.2	82.4	69.0	70.0	69.0	71.0	78.0	83.0	98.0
Miscellaneous Assets	260.0	295.0	285.0	284.0	282.0	290.0	298.0	302.0	320.0
Total Investment	6,002.6	7,613.8	6,913.3	7,092.0	7,178.0	7,174.0	7,491.0	7,939.0	8,646.0

TABLE 8. Foreign Capital Invested in Canada as at Year Ends, Representative Years, 1926 - 1950

Classification by Types of Investment
INVESTMENTS HELD IN THE UNITED KINGDOM
 (Millions of dollars)

Types of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950
GOVERNMENT SECURITIES:									
Dominion	250.1	234.5	238.0	—	—	—	—	84.0	82.0
Provincial	72.6	69.3	58.0	45.0	37.0	35.0	33.0	41.0	39.0
Municipal	187.0	182.1	157.0	112.0	78.0	55.0	48.0	46.0	42.0
Total	509.7	485.9	453.0	157.0	115.0	90.0	81.0	171.0	163.0
PUBLIC UTILITIES:									
Railways	1,371.0	1,351.7	1,215.3	806.0	795.0	792.0	724.0	716.0	707.0
Other	96.6	99.7	89.3	90.0	85.0	72.0	69.0	66.0	65.0
Total	1,467.6	1,451.4	1,304.6	896.0	880.0	864.0	793.0	782.0	772.0
Manufacturing	234.4	274.7	257.3	301.0	295.0	307.0	340.0	396.0	444.0
Mining and Smelting	50.9	73.8	61.4	62.0	56.0	52.0	56.0	54.0	55.0
Merchandising	49.2	61.6	54.9	57.0	60.0	57.0	61.0	62.0	69.0
Financial Institutions	175.5	242.7	220.9	186.0	182.0	186.0	188.0	155.0	147.0
Other Enterprises	4.0	5.2	3.8	6.0	5.0	5.0	5.0	7.0	8.0
Miscellaneous Assets	145.0	171.0	120.0	85.0	75.0	70.0	69.0	67.0	65.0
Total Investment	2,636.3	2,766.3	2,475.9	1,750.0	1,668.0	1,631.0	1,593.0	1,694.0	1,723.0

TABLE 9. Foreign Capital Invested in Canada as at Year Ends, Representative Years, 1926 - 1950

Classification by Types of Investment
 INVESTMENTS HELD IN THE UNITED STATES
 (Millions of dollars)

Types of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950
GOVERNMENT SECURITIES:									
Dominion	381.9	440.5	567.0	682.0	701.0	665.0	775.0	844.0	1,009.0
Provincial	342.0	517.0	473.0	574.0	554.0	515.0	494.0	492.0	525.0
Municipal	185.1	247.4	181.0	194.0	183.0	207.0	198.0	198.0	212.0
Total	909.0	1,204.9	1,221.0	1,450.0	1,438.0	1,387.0	1,467.0	1,534.0	1,746.0
PUBLIC UTILITIES:									
Railways	510.4	832.6	588.3	720.0	717.0	724.0	718.0	664.0	685.0
Other	289.9	521.7	432.1	375.0	441.0	372.0	372.0	399.0	448.0
Total	800.3	1,354.3	1,020.4	1,095.0	1,158.0	1,096.0	1,090.0	1,063.0	1,133.0
Manufacturing	952.9	1,286.3	1,159.9	1,482.0	1,554.0	1,676.0	1,936.0	2,099.0	2,269.0
Mining and Smelting	165.2	255.3	250.7	322.0	311.0	324.0	347.0	416.0	546.0
Merchandising	98.6	137.3	129.4	164.0	173.0	185.0	194.0	211.0	231.0
Financial Institutions	125.1	251.2	200.8	285.0	321.0	312.0	297.0	338.0	362.0
Other Enterprises	60.2	76.2	64.2	62.0	62.0	65.0	72.0	74.0	88.0
Miscellaneous Assets	85.0	94.0	105.0	130.0	140.0	155.0	163.0	170.0	190.0
Total Investment	3,196.3	4,659.5	4,151.4	4,990.0	5,157.0	5,200.0	5,566.0	5,905.0	6,565.0

TABLE 10. Foreign Capital Invested in Canada as at Year Ends, Representative Years, 1926 - 1950

Classification by Types of Investment
 INVESTMENTS HELD IN ALL OTHER COUNTRIES
 (Millions of dollars)

Types of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950
GOVERNMENT SECURITIES:									
Dominion	6.0	7.0	18.0	44.0	49.0	48.0	48.0	47.0	50.0
Provincial	7.0	6.0	5.0	5.0	3.0	1.0	1.0	1.0	1.0
Municipal	2.0	2.0	6.0	6.0	6.0	2.0	2.0	2.0	2.0
Total	15.0	15.0	29.0	55.0	58.0	51.0	51.0	50.0	53.0
PUBLIC UTILITIES:									
Railways	57.0	60.0	67.0	73.0	71.0	70.0	62.0	65.0	64.0
Other	8.0	12.0	28.0	29.0	31.0	29.0	27.0	29.0	30.0
Total	65.0	72.0	95.0	102.0	102.0	99.0	89.0	94.0	94.0
Manufacturing	11.0	12.0	28.0	46.0	46.0	46.0	41.0	44.0	50.0
Mining and Smelting	3.0	5.0	17.0	19.0	19.0	20.0	21.0	24.0	27.0
Merchandising	2.0	4.0	5.0	5.0	5.0	6.0	7.0	6.0	10.0
Financial Institutions	43.0	49.0	51.0	54.0	54.0	55.0	56.0	55.0	57.0
Other Enterprises	1.0	1.0	1.0	2.0	2.0	1.0	1.0	2.0	2.0
Miscellaneous Assets	30.0	30.0	60.0	69.0	67.0	65.0	66.0	65.0	65.0
Total Investment	170.0	188.0	286.0	352.0	353.0	343.0	332.0	340.0	358.0

TABLE 11. Foreign Capital Invested in Canada, End of 1950
Classification by Countries of Origin and by Types of Security
(Millions of dollars)

Types of Security	United States ¹	United Kingdom ²	Other Foreign Countries	Total Non-resident Investment
Bonds and Debentures:				
Dominions.....	1, 009	82	50	1, 141
Provincials.....	525	39	1	565
Municipals.....	212	42	2	256
Steam Railways.....	366	310	32	708
Other Corporations - controlled in Canada.....	176	21	14	211
Other Corporations - controlled outside of Canada.....	337	69	14	420
Total	2, 625	563	113	3, 301
Capital Stock of Canadian Companies:				
Companies controlled in Canada.....	635	594	97	1, 326
Companies controlled in the United States.....	2, 394	70	19	2, 483
Companies controlled in the United Kingdom.....	14	346	3	363
Companies controlled in other foreign countries.....	1	1	37	39
Total	3, 044	1, 011	156	4, 211
Other Corporation Assets:				
Companies controlled in Canada.....	13	1	—	14
Companies controlled in the United States.....	691	—	—	691
Companies controlled in the United Kingdom.....	1	83	1	85
Companies controlled in other foreign countries.....	1	—	23	24
Total	706	84	24	814
Miscellaneous Investments:				
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	190	65	65	320
Total	6, 565	1, 723	358	8, 646

1-2. Includes some investments held by nominees in the United Kingdom and the United States for residents of other countries.

TABLE 12. Value of United States Direct Investments¹ in All Canadian Businesses by Types of Business, Selected Years 1926 to 1950
(Millions of dollars)

Type of Business	Value of United States Investment								
	1926	1930	1939	1945	1946	1947	1948	1949	1950
Manufacturing, total	818	1, 041	984	1, 285	1, 366	1, 493	1, 729	1, 880	2, 033
Vegetable Products	69	94	96	140	146	155	179	182	193
Animal Products	18	38	47	44	42	46	49	55	58
Textiles.....	18	20	20	28	29	32	35	38	42
Wood and Paper Products	256	334	281	316	350	383	427	441	446
Iron and Products	180	199	188	272	283	312	346	378	420
Non-ferrous Metals	83	113	130	203	208	225	250	270	315
Non-metallic Minerals ²	109	126	112	133	138	152	229	279	312
Chemicals and Allied Products	60	86	88	118	134	147	167	185	194
Miscellaneous Manufactures.....	25	31	22	31	36	41	47	52	53
Mining and Smelting²	141	210	198	255	245	254	275	331	450
Utilities	249	423	399	359	366	345	347	375	389
Merchandising	89	122	119	153	165	175	183	199	219
Financial	58	136	126	198	232	222	208	241	267
Miscellaneous	48	61	55	54	54	59	65	69	84
Total - All Companies	1, 403	1, 993	1, 881	2, 304	2, 428	2, 548	2, 807	3, 095	3, 442

1. Direct investments include branches, subsidiaries and controlled companies.

2. Investments in exploration and development of petroleum by Companies engaged principally in refining and production of petroleum products are included in the Non-metallic Minerals item of Manufacturing.

STATISTICS CANADA LIBRARY
BIBLIOTHEQUE STATISTIQUE CANADA



1010512253