



CANADA

THE CANADIAN BALANCE  
OF  
INTERNATIONAL PAYMENTS, 1953  
AND  
INTERNATIONAL INVESTMENT POSITION

DOMINION BUREAU OF STATISTICS

International Trade Division

Balance of Payments Section



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# THE CANADIAN BALANCE

## OF

### INTERNATIONAL PAYMENTS, 1953

#### Summary

Canada's international transactions on current account resulted in a deficit of \$439 million in 1953, indicating a net import of capital. This is in sharp contrast to the current surplus of \$164 million in 1952. In 1950 and 1951, however, current deficits of \$334 million and \$517 million respectively had appeared.

The abrupt swing from surplus to deficit in 1953 was mainly due to commodity transactions. For 1953 as a whole, the trade balance shown in the balance of payments deteriorated by \$546 million to a deficit of \$57 million. The major factor in this change was the continued sharp rise in import volume. The volume of imports rose by 9 per cent in 1953, and was about 50 per cent over the levels of 1948 and 1949. A slight decrease in the volume of exports and some deterioration in the terms of trade also contributed to the change to a trade deficit in 1953.

Non-merchandise transactions also contributed to the change to a current account deficit. The usual large deficit on these items increased by \$57 million to \$382 million. This is about the same change as arose from the re-appearance of a deficit on freight account. Military payments of a service nature and official contributions were also larger, and gold production available for export decreased. These latter changes were offset, however, by smaller net payments on income account and larger net receipts from migrants. The deficit on travel account was virtually unchanged.

In 1952 and 1953 actual defence imports exceeded payments for them. The latter are substituted for the former in the balance of payments. The effect of this treatment was to raise the surplus in 1952 and lower the deficit in 1953. In addition to expenditures for defence equipment and military services, Canada contributed \$246 million in Mutual Aid to NATO countries. This raised the total of such aid since 1950 to \$648 million in the form of shipments of equipment and supplies and the provision of air training to European aircrews. The current balance is not affected directly by this aid.

The sharp change from surplus to deficit in 1953 can best be regarded in the perspective of developments over several years. Superimposed on an economy with strong and growing investment and consumption demands, there has been the increased tempo of defence activities since 1950. These combined influences have been basic factors in the deficits of the past few years. In 1952, the period of deficits was temporarily ended because of two major developments, namely, the very marked improvement in the terms of trade and a large increase in the volume of grain exports. Since further improvements along these lines were not forthcoming in 1953, the underlying strong increase in import volume led to the re-appearance of a current deficit. While there was a marked deterioration in the surplus with overseas countries and an increase in the deficit with the United States in 1953, these developments had the effect of yielding current balances

**STATEMENT 1. Summary of the Balance of Payments between Canada and All Countries, 1950-1953**  
(Millions of dollars)

Account	1950	1951	1952	1953	Change in 1953
Commodity exports (adjusted) <sup>1</sup> .....	3,139	3,950	4,339	4,152	- 187
Commodity imports (adjusted).....	3,129	4,097	3,850	4,209	+ 359
Balance on commodity trade.....	+ 10	- 147	+ 489	- 57	- 546
Balance on all other current transactions.....	- 344	- 370	- 325	- 382	- 57
<b>Current account balance</b> .....	<b>- 334</b>	<b>- 517</b>	<b>+ 164</b>	<b>- 439</b>	<b>- 603</b>
Direct investment in Canada.....	+ 222	+ 309	+ 346	+ 398	+ 52
Net new issues of Canadian securities.....	- 74	+ 227	+ 227	+ 200	- 27
Net trade in outstanding Canadian securities.....	+ 329	+ 38	- 94	- 31	+ 63
All other capital movements <sup>2</sup> .....	- 143	- 57	- 643	- 128	+ 515
<b>Net capital movement</b> .....	<b>+ 334</b>	<b>+ 517</b>	<b>- 164</b>	<b>+ 439</b>	<b>+ 603</b>

1. Excluding Canadian Mutual Aid to NATO Countries.

2. Including amounts of - 694, - 39, - 80, and + 42 in 1950 to 1953 respectively covering the Canadian dollar equivalent of increases (-) or decreases (+) in official holdings of gold and U.S. dollars.



with the United States and overseas countries generally which were remarkably close to those of 1951.

The re-appearance of a current account deficit of \$439 million in 1953 was accompanied, of course, by net capital imports of this amount. The deficit was more than balanced by heavy flows of long-term capital into Canada for direct and portfolio investment, which have been a feature of Canada's balance of payments in recent years. In 1952, the current account surplus and long-term inflows were balanced by very large outward movements of short-term capital. Short-term movements in 1953, while still outwards, were sharply lower than in 1952. These changes took place without any great change in the external value of the Canadian dollar.

### Quarterly Developments

In contrast to the current account surplus of \$1,040 million from 1946 to 1949 inclusive, the four years from 1950 to 1953 show a cumulative deficit of \$1,126 million. Analysis of quarterly data show several sub-periods in this period of current deficits.

There is usually a pronounced tendency for the trade balance to be less favourable in the first half of the year than in the last half, and particularly the last quarter, if the seasonal factor only is taken into account. The non-merchandise items are smaller, but their balance fluctuates greatly. The most important seasonal fluctuations in non-merchandise items are pronounced peaks in travel receipts in the third quarter and in dividend payments in the fourth quarter. Other types of movements can, of course, obscure seasonal movements.

It should be borne in mind that before and throughout the recent period of deficits in Canada's current account there have been strong and persistent inflows of long-term capital for direct investment in Canada. There have also been important but irregular movements of foreign capital into Canadian security issues influenced among other things by Canadian demands for financing, by security and money market conditions in Canada and abroad, and by exchange rates. The very heavy investment program undertaken in Canada, in which this financing together with much greater amounts of Canadian savings played a part, was of course a factor contributing to the heavy demands in the Canadian economy which in turn led to the current account deficits.

Canada's international transactions since Korea can be examined in three phases. In the fourth quarter of 1950 and the first half of 1951 large current deficits appeared. This situation began to change in the third quarter of 1951 and a current account surplus was recorded in the last quarter of the year. Smaller surpluses appeared throughout 1952. These surpluses gave way to deficits once more in 1953, mainly concentrated in the first half of the year.

The outbreak of the Korean conflict led to very heavy advance buying of inventories and consumer goods in anticipation of higher prices and shortages. The surge in import values and very heavy dividend payments resulted in an unusual fourth quarter deficit in 1950. Substantial deficits appeared in the first half of 1951. Forward buying continued on a large scale, the volume of imports rose rapidly, and the sharp price increases resulted in some deterioration of the terms of trade. This period began with a very heavy inflow of capital of a speculative nature, a movement which was accentuated by the Korean outbreak. A part of the exceptionally large increase in official holdings of gold and foreign exchange which occurred in the third quarter of 1950 was used to finance the mounting current account deficits in the succeeding six months. The restrictive credit policy introduced in Canada contributed to the placement of a substantial volume of new issues of Canadian securities abroad in the second quarter of 1951 which, together with the direct investments and heavy short-term capital movements into Canada, were more than sufficient to finance the record current account deficit which was incurred.

After mid 1951, the situation changed. Inflationary pressures lessened, the rapid increase in import volume was reversed while exports continued to rise, and the terms of trade improved. The current deficit decreased in the third quarter and changed to a surplus in the fourth. A balanced expansion of gross national expenditure occurred in 1952. The small current account surpluses throughout the year were due in large part to two special factors; one was the very large improvement in the terms of trade, the other a large increase in exports of grains. These factors offset the effects of the very marked rise in import volume after the first quarter of the year. The emergence of a current account surplus coupled with increasing movements of capital into Canada for long-term investment contributed to a spectacular rise in the exchange value of the Canadian dollar during this period. This, together with easing credit conditions in Canada, was a factor in the massive outflows of capital which took the form of private repatriation of foreign-held Canadian government bonds, refluxes of the short-term inflows which had occurred earlier, and a growth of Canadian working capital abroad.

Gross national expenditure continued to rise throughout most of 1953. Current deficits of \$184 million and \$191 million appeared in the first two quarters of the year. The most important factor in the development of these deficits was the continued rapid rise in the volume of imports. Import volume in the first and second quarters of 1953 was 17 per cent and 20 per cent respectively over the levels of one year earlier. Export volume, moreover, fell below the levels of one year earlier in the first quarter and only slightly exceeded the levels of a year earlier in the second. The terms of trade had begun to deteriorate slowly after the third quarter of 1952. The deficit on non-merchandise



**STATEMENT 2. Quarterly Current Account Balances between Canada and the  
Principal Countries and Areas, 1951-1953**

(Millions of dollars)

Country or Area	1951				1952				1953			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
United States .....	- 245	- 359	- 182	- 165	- 202	- 264	- 141	- 242	- 248	- 342	- 135	- 199
United Kingdom .....	+ 8	+ 4	+ 79	+ 132	+ 86	+ 157	+ 70	+ 75	+ 2	+ 32	+ 48	+ 60
Other sterling area .....	- 4	- 21	- 32	+ 33	+ 39	+ 34	+ 20	+ 21	+ 31	+ 23	+ 21	+ 12
All other countries <sup>1</sup> .....	+ 5	+ 24	+ 70	+ 136	+ 105	+ 117	+ 126	+ 163	+ 31	+ 96	+ 53	+ 76
<b>All Countries .....</b>	<b>- 236</b>	<b>- 352</b>	<b>- 65</b>	<b>+ 136</b>	<b>+ 28</b>	<b>+ 44</b>	<b>+ 75</b>	<b>+ 17</b>	<b>- 184</b>	<b>- 191</b>	<b>- 13</b>	<b>- 51</b>

1. Including other OEEC countries.

items, furthermore, was larger in the first half of 1953 than in any half-year period since the war. The increase in this deficit from the first half of 1952 was mainly due to larger payments for military services, but an increase in official contributions and larger net payments of interest and dividends also played a role.

The Canadian dollar weakened on the international exchange markets as the first six months of the year passed. The value of the United States dollar in Canada rose from 97.03 cents at the close of 1952 to a high of 99.78 cents in May, hovering between 99.16 and 99.63 throughout June. Despite the emergence of a substantial current account deficit in the first quarter, heavier long-term capital inflows for direct investment and for new issues of Canadian securities provided strength for the Canadian dollar, and the quarterly average exchange rate changed but little, although there was evidence of a trend toward weakness. In the succeeding quarter, however, there was little change in the current account deficit but a sharp contraction occurred in the inflows of capital from the sale of new issues and there was a surge of liquidation of foreign holdings of Canadian securities. These

developments stemmed from a substantial drop in bond prices in the United States and contributed to the decline in the exchange value of the Canadian dollar in this period.

The reversal from surplus to deficit between 1952 and 1953 occurred mainly in the first half of 1953, but was not restricted to that period. There were surpluses on trade account in the last two quarters of 1953 but they were smaller than those one year earlier, and the deficit on non-merchandise items was larger. There was, however, a distinct improvement in the current balance from the first to the second half of 1953. The smaller deficits in the second half of 1953 compared to those of the first half were due partly to seasonal improvement in invisible items and also to retardation in the growth of import volume after mid 1953. In the fourth quarter both export and import volume fell below the levels of one year earlier. Wheat accounted for an important part of the fourth quarter drop in exports. The slowing down and reversal of the strong increases in import volume reflected particularly the cessation of growth in business inventories; the latter had been a strong factor in the rise in expenditures through most of 1953. Most other com-

**STATEMENT 3. Foreign Exchange Rates: U.S. Dollar in Canada, 1952 and 1953**

Quotations reported on transactions between banks in the exchange market

(Source: Bank of Canada)

Quarter	1952			1953		
	High	Low	Noon Average	High	Low	Noon Average
	(Canadian cents per unit)					
I .....	101.13	98.38	100.06	98.63	96.75	97.71
II .....	98.75	97.19	98.14	99.78	98.00	99.08
III .....	97.75	95.88	96.35	99.44	97.78	98.82
IV .....	98.63	96.00	97.02	98.66	97.00	97.77
<b>Year .....</b>	<b>101.13</b>	<b>95.88</b>	<b>97.89</b>	<b>99.78</b>	<b>96.75</b>	<b>98.34</b>

Closing Quotations: 1951, 101.1875; 1952, 97.03125; 1953, 97.375

ponents of gross national expenditure, and import volume as well, remained at very high levels in the fourth quarter. The terms of trade, which had fallen steadily for over a year, were still relatively favourable.

The substantial reduction of the current account deficit in the third quarter was probably the leading factor in the strengthening of the Canadian dollar. While the private repatriation of Canadian government securities did not continue on the scale of the second quarter, new issues abroad showed a further decline. Bond prices in the United States rose sharply during the last half of 1953 and the differential between yields in the two countries prevailing in the early months of the year was re-established. This contributed again to heavy sales of new security issues abroad in the final quarter. This growth of long-term capital inflows was more than sufficient to cover the small increase in the deficit on current account in the fourth quarter and the Canadian dollar strengthened further. By the close of the year the United States dollar was quoted at 97.37 cents, a net change of only 0.34 cents from 1952.

#### Bilateral Changes

There were substantial changes in the bilateral distribution of Canada's current transactions in 1953. While both receipts and payments rose in transactions with the United States, current transactions with overseas countries generally indicate larger payments by Canada and lower receipts. The current account deficit with the United States rose by \$75 million to \$924 million, but the most important factor in the deterioration of the current surplus was the decline in the surplus with overseas countries by \$528 million to \$485 million. Roughly one half of this change occurred in transactions with the sterling area.

The effect of these changes was to raise the share of the United States in total exports and current receipts but to lower slightly her share in current payments by Canada. In 1953 current receipts from the United States were 62 per cent of all current receipts, while current payments to the United States were 73 per cent of all current payments (both figures exclude Mutual Aid). The former proportion is substantially higher than that prevailing in the earlier post-war years.

The decrease in the surplus with overseas countries was distributed over each of the countries or areas shown in the balance of payments. The surplus with the United Kingdom fell by \$246 million to \$142 million; this is the lowest surplus since the war except for the unusually small surplus of 1950. Virtually the same type of statement can be made for the current balance with other sterling area countries and other OEEC countries. The surplus

with the remaining overseas countries, though considerably reduced from 1952, has remained above those of any other post-war year. This reflects in particular a large export balance with Japan in 1953.

Looking at these changes in another way, overseas countries generally improved their current account position with Canada by a reduction in purchases from Canada and larger sales to Canada. These countries had experienced particularly large deficits with Canada in the early post-war years when their reconstruction needs were great and export credits and loans extended by the Canadian Government had been an important factor in maintaining their purchases in Canada. In 1950 Canada's surplus with overseas countries was virtually eliminated, but transactions in 1951 increased the surplus to \$434 million. Large exports of grains in particular raised the surplus with overseas countries in 1952 to \$1,013 million, second only to that of 1947. The main factor in reducing this surplus in 1953 was a fall in Canadian exports of \$299 million and a rise in imports of \$130 million. An important contributory factor was the change from a surplus for Canada on invisibles of \$53 million to a deficit of \$46 million. The surplus of \$485 million with overseas countries is roughly comparable in total to that of 1951 although the area distribution is different.

Both exports to and imports from the United States were higher in 1953, but the more rapid increase in imports led to an increase in the trade deficit by \$117 million. The deficit on invisibles was reduced, however, by \$42 million. These opposite movements raised the deficit with the United States by \$75 million to \$924 million, a figure not far from the 1951 deficit with the United States but well below the post-war peak of 1947.

Exchange transfers in settlement of overseas balances dropped from the record post-war figure of \$1,007 million in 1952 to \$624 million in 1953. In the former year, Canada's current account surplus of \$1,013 million with overseas countries was partly offset by a small net capital export to these countries. While the current surpluses declined by \$528 million to \$485 million in 1953, there was a significant net import of capital from overseas of \$139 million. As a consequence of these transactions Canada had net multilateral receipts of \$624 million available in the United States account. The receipt by Canada in 1953 of multilateral settlements in excess of the net balance of goods and services provided to overseas countries represents in part a settlement of earlier current account deficits of these countries financed through the extension of loans now being repaid. But it also reflects the use by some of these countries of the resources available to them, for investment in the Canadian economy rather than for imports on the scale of the previous year.



**STATEMENT 4. Summary of Current Account Balances between Canada and  
the Principal Countries and Areas, 1946-1953**

(Millions of dollars)

Country or Area	1946	1947	1948	1949	1950	1951	1952	1953	Change in 1953
United States .....	- 607	- 1,134	- 393	- 601	- 400	- 951	- 849	- 924	- 75
United Kingdom .....	+ 500	+ 633	+ 486	+ 446	+ 24	+ 223	+ 388	+ 142	- 246
Other sterling area .....	+ 164	+ 242	+ 129	+ 135	- 23	- 24	+ 114	+ 87	- 27
Other OEEC countries .....	+ 248	+ 276	+ 226	+ 185	+ 108	+ 223	+ 332	+ 179	- 153
All other countries .....	+ 58	+ 32	+ 3	+ 12	- 43	+ 12	+ 179	+ 77	- 102
<b>All Countries .....</b>	<b>+ 363</b>	<b>+ 49</b>	<b>+ 451</b>	<b>+ 177</b>	<b>- 334</b>	<b>- 517</b>	<b>+ 164</b>	<b>- 439</b>	<b>- 603</b>

### Changes in the Current Account

#### *Merchandise trade*

The most important factor leading to the sharp reversal from a surplus to a deficit on trade account was the continued rise in import volume. A slight decrease in export volume and some deterioration in the terms of trade also contributed to the appearance of the deficit on trade.

Unadjusted trade returns indicate a rise of 8.7% in the value of imports. This was due solely to an increase of 9.4% in the volume of imports; import prices were 0.9% lower in 1953 as a whole. The value of domestic exports fell by 4.3%. The larger part of this decline was due to a fall of 2.9% in export prices, while the volume of exports was down slightly by 1.5%.

The volume of imports has risen rapidly in each of the past four years and been the most important change leading to the deficits characteristic of this period. The marked decline in import prices in 1952, combined with a much larger volume of grain exports, had offset the effects of rising import volume and led to a current account surplus in that year. The continued rise of import volume led to a sudden and large reversal of the trade balance in 1953, in the absence of further improvement in the terms of trade or in export volume. The growth in import volume was checked after the middle of the year, however, and in the fourth quarter both export and import volume fell below the corresponding 1952 levels. Price movements have been relatively small since the first quarter of 1952. Export prices fell slowly but steadily throughout the succeeding quarters of 1952 and 1953, while import prices fell through most of 1952 but have shown firmness in 1953 and were at a slightly higher level at the end of the year than at the beginning. On an annual basis the effect of price changes was to lead to some worsening of the terms of trade as compared to 1952. The terms of trade in 1953, however, were still substantially better than those of any year from 1948 to 1951. This is a reflection of the fact

that the rapid rise in export and import prices in 1951 has since been largely reversed for imports but not for exports; import prices in 1952 and 1953 were about the 1950 average, while export prices were well over that average.

The decline in export prices affected all groups of exports except the iron and steel and non-metallic mineral groups. Price declines affected a number of Canada's important exports, although this was by no means uniform. The slight decrease in export volume affected five of the eight broad groups of exports; but the groups comprising non-ferrous metals, chemicals and miscellaneous products were higher and newsprint paper volume was slightly greater. The volume of wheat exports was lower, however, particularly in the fourth quarter and many manufactured items were down sharply in volume.

The decrease in export values was spread over a number of leading commodities. The improved supply situation abroad was an important factor in the decline of wheat exports by \$53 million, but the 1953 total of \$568 million was above that of any post-war year except 1952. Sales of wood pulp, pulpwood and planks and boards also fell, due partly to lower average prices, but newsprint paper rose by \$27 million to an all-time peak of \$619 million. Exports of aluminum, copper and nickel were higher, but the lower values of zinc and lead exports more than offset these gains. The latter two exports were particularly affected by low prices. There were some substantial decreases in the value of exports of manufactured goods. Exports of automobiles were well below the exceptional levels of 1952. Unusually high sales in earlier years, combined with declining farm income in the United States and exchange difficulties overseas, contributed to the decline in exports of farm implements.

The decrease in exports was concentrated in overseas markets, affecting such products as grains, metals, forest products, and automobiles. Larger

grain supplies in importing countries and in other exporting countries reduced overseas demand for Canadian grains. Competition was sharper for some products, such as several base metals. Import controls continued to limit access to Commonwealth markets, particularly for manufactures. Exports of grains to the United Kingdom were higher in the full year, particularly exports of barley, and increases occurred in some other products. But sharp decreases in exports of beef, lumber, zinc, and aluminum more than offset these increases. Some of these decreases relate to increased competition or lower prices but some were due to special circumstances. The decrease in exports of beef reflects the termination of a special arrangement effected at the time of the hoof and mouth disease. Lower exports of aluminum reflect agreement to divert to the United States production which had been contracted for sale to the United Kingdom.

Exports were lower to each of the other overseas areas shown in the balance of payments. Most of the sterling area countries took lower exports in 1953. The major exceptions were the Union of South Africa and Pakistan. Large exports of wheat, some of which were financed under the Colombo Plan, raised exports to the latter country. Exports to OEEC countries in Europe and their dependencies fell sharply. The drop in exports of grains to these countries was the major factor in the overall decline. Exports to Canada's third largest market in 1952, namely Belgium, were sharply reduced because of lower grain purchases. All of the other major markets in this group of countries reduced their total purchases from Canada, with the exception of the Netherlands and Switzerland. Exports to Latin America were also greatly reduced, with large decreases to Brazil, Cuba and Mexico. The major reduction in exports to Latin America occurred in automobiles and parts. Exports to remaining foreign countries were generally lower. The major exceptions were Japan and Korea; the former was Canada's third largest export market in 1953.

In contrast to overseas markets, the United States increased her purchases from Canada. With prices somewhat lower, the increase in value reflected an appreciable increase in volume. Seven of the nine groups of exports to the United States were higher in value in 1953. Agriculture and vegetable products declined mainly because feed grains and other fodders were more plentiful in the United States. The largest increase was in exports of non-ferrous metals, reflecting a diversion from overseas markets to the United States. The volume of such exports was up sharply, while prices were lower on the average. Lead and zinc were the only major metals to show a decrease in value of exports to the United States, but the volume of the latter rose sharply. Newsprint, the major export to that market, was higher mainly because of higher average prices. Planks and boards were also up, reflecting increased construction activity in the United States. Exports of farm implements were lower.

For most groups of imports, prices were only slightly different from the 1952 levels. Group price indexes were substantially lower for fibres and textiles and the miscellaneous products group. Volume indexes were significantly higher in all import groups except non-metallic minerals. Particularly sharp volume increases occurred in fibres and textiles, wood products, non-ferrous metals, chemicals, and miscellaneous products. Although the percentage change in value and volume in the iron and products group was not as great as in some other groups, the very large proportion of total imports in the group give changes in it a predominant effect on the import totals. Iron and steel products were 35% of the total value of imports in 1953; volume rose by 6% in 1953.

The increase in imports was spread over a wide range of products. Substantial increases occurred in imports of producers' investment goods such as machinery and electrical apparatus. There were large increases in imports of consumer durables, particularly automobiles, and of non-durables such as textile products. Imports of a variety of industrial materials were also higher.

These increases are of course closely related to the heavy spending on consumption and investment which characterized the Canadian economy in 1953. Business inventories were rising in the first three quarters of 1953 and machinery and equipment expenditures in Canada were at very high levels in this period. In the fourth quarter there was some levelling out and decreases in some of these types of expenditures, which in turn led to decreased imports. But all of these types of expenditures remained at very high levels and personal consumption continued to rise throughout the whole period.

Import volume from the United States increased by almost 8%. The value and volume of six of the nine import groups were higher, and the decreases in agriculture and vegetable products and fibres and textiles were due solely to lower prices. Major increases occurred in the value of imports of electrical apparatus and automobiles and parts, while a number of other consumer and investment goods were higher. Imports of coal, however, have been decreasing because of competition from other fuels in Canada.

Unlike the decrease in exports to these countries, imports from overseas countries generally rose. Imports from the United Kingdom accounted for most of this increase. The increase in imports of wool products from the United Kingdom was especially great. Increased imports from the United Kingdom included many investment goods and consumer durables, such as machinery and automobiles. European countries increased their exports of a wide variety of finished goods to Canada. Germany and the Netherlands showed the greatest gains in sales to Canada, with textiles and machinery playing an important part. Imports from other sterling area



**STATEMENT 5. Prices, Physical Volume and Terms of Trade of Domestic Exports and Imports**  
(1948 = 100)

Year and Quarter	Price Indexes		Terms of Trade	Volume Indexes	
	Exports	Imports		Exports	Imports
1950 .....	108.3	110.3	98.2	93.6	109.2
1951 .....	123.0	126.2	97.5	103.5	122.7
1952 .....	121.8	110.4	110.3	114.9	138.0
1953 .....	118.3	109.4	108.1	113.2	151.0
1952 I .....	124.8	117.3	106.4	103.0	118.1
II .....	122.0	110.9	110.0	118.1	140.9
III .....	120.6	107.1	112.6	113.7	140.6
IV .....	119.9	107.9	111.1	124.8	151.7
1953 I .....	119.2	108.5	109.9	98.2	138.7
II .....	119.0	109.4	108.8	119.5	168.4
III .....	118.7	110.3	107.6	117.7	152.5
IV .....	116.9	110.2	106.1	116.9	143.4

Note. Indexes indicate movements in unadjusted trade data.

countries did not participate in the general increase while those from Latin America were moderately higher. Very low prices for some industrial materials tended to keep imports from these two latter areas from rising, and as primary producers they did not share to any great extent in the increase in imports of investment goods and other manufactures.

The values and indexes referred to in this section are for unadjusted trade returns. When used in the balance of payments, merchandise trade is adjusted for non-commercial items, defence payments, and duplication with other parts of the current account. In 1952 and 1953 these adjustments reduced exports by about \$20 million in each year and imports by about \$180 million in each year, as shown in statement 6. Thus changes in exports, imports, and in the trade balance will be about the same in both adjusted and unadjusted trade data; but the balances themselves will differ in each year, the adjusted balance showing a larger surplus

or smaller deficit than that appearing in Customs trade returns.<sup>1</sup> While the effects of such adjustments can be important for the current account balance, their effects on total imports or exports are small.

The value of non-monetary gold available for export fell from \$150 million in 1952 to \$144 million. Production was higher in the first half of 1953, but the effects of the strike on second half production more than offset this gain. As in 1952, the discount on the U.S. dollar in terms of Canadian funds continued to limit the Canadian dollar value of gold production available for export. Since November 1, 1951, this item has included not only the sales by the Mint to the Exchange Fund and a small amount exported in the form of concentrates, but also sales abroad of commercial gold by producers. Increases in stocks held at the Mint in safekeeping for the mines are excluded.

1. In contrast to the adjustments in 1952 and 1953, those in 1951 resulted in a deduction from exports of about \$15 million and an addition to imports of about the same amount.

**STATEMENT 6. Adjustments to Commodity Trade, 1952 and 1953**  
(trade with all countries in millions of dollars)

Exports	1952	1953	Imports	1952	1953
Domestic exports in trade returns..	4,301.1	4,117.4	Imports in trade returns .....	4,030.5	4,382.8
Exports of foreign produce .....	54.9	55.2			
Total exports .....	4,356.0	4,172.6			
Adjustments:			Adjustments:		
Tourist exports .....	- 3.8	- 3.2	Tourist imports .....	- 66.7	- 73.8
Settlers' effects .....	- 14.9	- 16.1	Settlers' effects .....	- 25.7	- 29.0
Private donations .....	- 3.1	- 3.0	Advertising .....	- 5.1	- 6.5
Warehousing .....	+ 13.6	+ 6.2	Warehousing .....	+ 3.3	+ 14.2
All other adjustments .....	- 8.4	- 4.7	All other adjustments .....	- 86.3	- 79.1
Total adjustments .....	- 16.6	- 20.8	Total adjustments .....	- 180.5	- 174.2
Merchandise exports (adjusted).....	4,339.4	4,151.8	Merchandise imports (adjusted)....	3,850.0	4,208.6

**STATEMENT 7. Summary of Changes in the Principal Elements of Canada's Current Account  
with All Countries, 1953**

(Millions of dollars)

Account	1950	1951	1952	1953 <sup>2</sup>	Change in 1953
Exports (adjusted) <sup>1</sup> .....	3,139	3,950	4,339	4,152	- 187
Imports (adjusted) .....	3,129	4,097	3,850	4,209	+ 359
Balance on commodity trade .....	+ 10	- 147	+ 489	- 57	- 546
Gold production available for export .....	+ 163	+ 150	+ 150	+ 144	- 6
Travel expenditures .....	+ 49	- 6	- 66	- 63	+ 3
Interest and dividends .....	- 384	- 335	- 268	- 246	+ 22
Freight and shipping .....	- 17	- 3	+ 8	- 45	- 53
Inheritances and migrants' funds .....	- 4	+ 7	- 9	+ 1	+ 10
All other current transactions .....	- 151	- 183	- 140	- 173	- 33
Balance on non-merchandise transactions .....	- 344	- 370	- 325	- 382	- 57
Current account balance .....	- 334	- 517	+ 164	- 439	- 603

1. Excluding Canadian Mutual Aid to NATO Countries.  
2. Subject to revision.

#### *Travel expenditures*

In contrast to the stability in the expenditures by United States travellers in Canada for some years, there was an appreciable rise of 10% in 1953. While Canadian expenditures on travel in the United States continued to increase, the rate of increase was much less than in recent years. Consequently the size of the deficit with the United States was cut significantly from \$37 million to \$25 million. The reduction in the deficit with all countries to \$63 million was slight as Canadian expenditures on travel in overseas countries again rose sharply to \$38 million.

The largest changes in the movements and expenditures of United States travellers to Canada occurred in automobile travel, particularly in groups of visitors entering by automobile under customs permits for visits of two days or more. This group of visitors spent more than in the previous year but the average length of visit was not much different. This relative stability in the length of visit contrasts with a declining trend which was interrupted in 1952. But there were also more visitors by car staying for short periods. The expenditures of visitors travelling to Canada by airplane and by bus also rose while there was a decline in both the number and expenditures of train travellers.

The number of automobiles and levels of incomes in the United States were higher than ever before in 1953. In the summer months of 1953 there was only a slight premium on the Canadian dollar in contrast to the larger premium which prevailed during the travel season of 1952. The rate of increase in the expenditures in Canada of United

States travellers of 10% was about the same rate of increase as in United States travel expenditures in all countries. While the rate of increase in Canada was less than the rate of increase in expenditures in Europe it was more than in Central America and the Caribbean areas where increases were small.

The increase in travel expenditures of Canadians in the United States of 4% follows increases which had been continuing since 1949 at considerably higher rates, for example a rise of almost 20% in 1952. Factors behind the growth since 1948 were relaxations and the final removal of all exchange restrictions on travel involving expenditures of United States dollars, the growth in ownership of automobiles in Canada and generally expanding incomes and living standards. Shopping attractions in the United States also became a more influential stimulant to Canadian travel to the United States once restrictions on expenditures were removed, and finally the premium on the Canadian dollar in 1952 and 1953 has introduced another important factor in recent years which contrasts with the substantial discount on the Canadian dollar characteristic in 1950 and 1951.

The increase in the expenditures of Canadians returning from the United States by automobile was 12% in 1953 and expenditures by air travellers rose even more sharply. The rise in total expenditures by Canadian travellers was moderated however by declines in expenditures of travellers by train and bus. There was a sharp increase in purchases in the United States declared by returning Canadians under the \$100.00 exemption privilege. These rose by \$6 million to \$72 million, an increase which in



## STATEMENT 8. International Travel Expenditures between Canada and Other Countries, 1948-1953

(Millions of dollars)

Year	Account with United States			Account with Overseas Countries			Account with All Countries		
	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	Net
1948 .....	267	113	+ 154	12	21	- 9	279	134	+ 145
1949 .....	267	165	+ 102	18	28	- 10	285	193	+ 92
1950 .....	260	193	+ 67	15	33	- 18	275	226	+ 49
1951 .....	258	246	+ 12	16	34	- 18	274	280	- 6
1952 .....	257	294	- 37	18	47	- 29	275	341	- 66
1953 <sup>1</sup> .....	282	307	- 25	20	58	- 38	302	365	- 63

1. Subject to revision.

itself makes up almost one-half of the rise in total expenditures in the United States by Canadian travellers.

The rise of 23% in expenditures by Canadian travellers in overseas countries was relatively large and was enough to offset most of the reduction in the deficit with the United States. The Coronation in the United Kingdom was a stimulant to overseas travel early in the season. Increasing transportation facilities, including tourist flights by air, and rising incomes in Canada have broadened the group of Canadians travelling overseas. A small rise occurred in expenditures of overseas travellers in Canada.

*Income account*

Net payments for interest and dividends fell by \$22 million to \$246 million. This is a smaller deficit on income account than in any post-war year except 1946 and contrasts with the rising trend of Canada's balance of international indebtedness. Interest receipts were somewhat higher in 1953 but the main factor in raising receipts was sharply increased dividend receipts. This was particularly the case for receipts of dividends from subsidiaries in the United States and Other Sterling Area countries. Dividend payments were lower, particularly those to the United States, but larger payments of interest offset part of this. Dividends paid out continued to be substantially less than the total earnings accruing to non-resident shareholders. Earnings retained in companies are not included in the income item of the current account.

Since 1950 the deficit on income account has been steadily and sharply reduced. The major factor in the rise of interest receipts since 1950 has been

interest on government loans, although the increased income of the Exchange Fund since 1950 has also played a role. The sharp increases in dividend receipts in 1952 and 1953 are partly due to higher earnings of Canadian subsidiaries abroad, but to an important degree they also reflect decisions to transfer accumulated past earnings which had been left abroad. The rise in interest payments in the last few years reflects the large net new issues placed abroad and higher interest rates on the borrowings of recent years.

The largest item in the income account is dividend payments abroad. These payments have fallen steadily since the very high level reached in 1950. The fall from 1950 to 1951 was partly a matter of timing; the large payments in the fourth quarter of 1950 were due in part to administrative changes by the exchange control which, among other things, permitted remittance of earnings on a quarterly rather than annual basis. The decreases in payments in 1952 and 1953 reflect a number of factors. In 1952 the decrease was almost wholly limited to subsidiaries of United States concerns in Canada. In 1953 lower payments were made both by subsidiaries and by Canadian owned corporations in which there is a non-resident interest. The decrease in 1953 was concentrated in the last half of the year. It might have been significantly greater had it not been for a number of cases of transfer of accumulated earnings. While corporation earnings were generally maintained, in some cases the decreases represent lower earnings, which led to smaller transfers to parents or cuts in dividend rates; in other cases the decreases reflect decisions to retain earnings to finance investment programmes in Canada. The sharpest decreases in dividend transfers abroad occurred in the case of a number of mining companies, whose earnings were lower because of the drop in metal prices.

**STATEMENT 9. Receipts and Payments of  
Interest and Dividends between Canada and  
All Countries, 1950-1953**

(Millions of dollars)

Year	Receipts		Payments		Balance
	Interest	Dividends	Interest	Dividends	
1950 .....	28	63	109	366	- 384
1951 .....	53	62	114	336	- 335
1952 .....	60	85	115	298	- 268
1953 <sup>1</sup> .....	63	101	121	289	- 246

1. Subject to revision.

It is interesting to note that the relative importance of interest and dividends has declined considerably over the years. In 1938-39 interest

and dividend payments amounted to 22 per cent of total current receipts; in 1926-30 they were 18 per cent. In the years from 1946-51 as a whole they had fallen to only 9 per cent, and this was further reduced to 7 per cent in 1952 and 1953. As in past years, however, net payments of interest and dividends continues to be the largest single deficit account.

*Freight and shipping account*

Canada's freight and shipping account resulted in a deficit of \$45 million in 1953, compared with a surplus of \$8 million in the previous year and small deficits in the two preceding years. Before that for a number of years there were substantial surpluses arising partly from the operations of the large Canadian Merchant Fleet which still existed at that time.

**STATEMENT 10. Freight and Shipping Transactions between Canada and Other Countries, 1950-1953**

(Millions of dollars)

Item	1950	1951	1952	1953 <sup>1</sup>
<b>Receipts by Canada</b>				
Ocean Shipping:				
Canadian ships:				
Gross earnings on exports .....	48	54	56	58
Charter receipts .....	6	12	13	7
Inter-port revenues .....	16	34	33	17
Sub-Total .....	70	100	102	82
Expenditures of foreign ships in Canada .....	38	40	43	41
<b>Gross Shipping Receipts .....</b>	<b>108</b>	<b>140</b>	<b>145</b>	<b>123</b>
Inland freight on exports .....	142	177	201	178
Intransit revenues .....	28	28	29	30
Other receipts .....	6	6	8	6
<b>Gross Receipts (Table I, item A6) .....</b>	<b>284</b>	<b>351</b>	<b>383</b>	<b>337</b>
<b>Payments by Canada</b>				
Ocean Shipping:				
Expenditures abroad of Canadian shipping companies .....	20	33	64	60
Charter payments .....	18	27		
Freight on imports via Canadian ports .....	66	76	71	80
<b>Gross Shipping Payments .....</b>	<b>104</b>	<b>136</b>	<b>135</b>	<b>140</b>
Inland Rail Freight in U.S. on Imports:				
Coal via vessel .....	53	49	48	48
Coal via rail .....	40	38	33	26
Other rail freight .....	80	97	117	123
Sub-Total .....	173	184	198	197
Miscellaneous Payments .....	24	34	42	45
<b>Gross Payments (Table I, item B6) .....</b>	<b>301</b>	<b>354</b>	<b>375</b>	<b>382</b>

1. Subject to revision.



The change in the freight account like that in the whole current account of the balance of payments took the form of an increase in the deficit with the United States and reductions in the balance of receipts in each of the United Kingdom, Other OEEC Countries and Other Foreign Countries. The appearance of a deficit in 1953 is, of course, related to the trends on commodity account involving a much larger volume of imports and a small reduction in the volume of exports. But moderating the payments for freight on the larger volume of imports were changes in the composition of trade and some reductions in ocean rates. Also contributing a considerable part to the reduction in receipts was a decline in the income of Canadian shipping companies with a reduction in the Canadian operated fleet and lower ocean rates.

The largest part of the change to a deficit with all countries was due to a contraction in receipts of \$50 million. Two-fifths of this was due to a drop of some 20 per cent in the revenues of Canadian shipping companies which appear in the balance of payments. Most of the remaining drop was in inland freight receipts which declined by more than 10 per cent. This was chiefly a reduction in the earnings of Canadian transportation concerns carrying a reduced volume of exports to Canadian ocean ports for overseas delivery. Earnings on export traffic to the United States border were relatively well maintained.

#### *Inheritances and migrants' funds*

Net transfers of inheritances and migrants funds which showed a deficit of \$9 million in 1952, were almost in balance in 1953. The number of immigrants was about the same as in 1952, but average transfers were greater and immigrants' funds rose to a post-war peak of \$75 million. Exchange restrictions in a number of countries continue to limit the amounts of funds which can be transferred by immigrants. Emigrants' funds were somewhat less than the high levels of 1952. The removal of all controls on the transfer of funds from Canada, and an increase in the number of emigrants, had raised transfers greatly in 1952.

#### *Miscellaneous current transactions*

As in 1952, all other current transactions resulted in a deficit second only to that of the interest and dividends account. A more rapid rise in payments than in receipts increased the deficit for the varied transactions by \$33 million to \$173 million. The full extent of this change occurred in government transactions. These particular payments abroad by the Government of Canada rose sharply, and more than offset increased spending in Canada by foreign governments. The government transactions shown in this account exclude merchandise transactions, Canadian Mutual Aid to NATO countries, and the servicing of Government debt.

Increased defence spending in Canada by the United States Government was the major factor in raising receipts. Canadian Government spending

abroad was substantially higher in 1953. Official contributions rose by \$8 million to \$24 million. Most of this consists of payments under the Colombo Plan. Such payments are, for the most part, an offset to merchandise exports. Other payments included those for flood relief in Europe and the United Nations Korean Relief Agency. Participation in the North Atlantic Treaty Organization resulted in increased expenditures in the United Kingdom and Western Europe. This involved such items as payments for the maintenance of forces and contributions to joint defence costs. Apart from the current costs involved in Korea, a special payment was made in 1953 for supplies and services secured from other participants. This latter payment, which is recorded in the account with the United Kingdom, was the most important factor in the sharp rise of miscellaneous government payments. A number of other government expenditures, such as those for representation abroad, were also higher in 1953.

Personal and institutional remittances were somewhat higher in 1953. The large number of recent immigrants living in Canada has contributed to a general rise. There were also in 1953 private remittances to the United Kingdom and Holland for flood relief. Remittances by United States technical workers and military personnel in Canada have kept payments at high levels in recent years. Miscellaneous income includes a variety of income transfers which cannot be classified in the interest and dividends account. Prominent on the receipts side are profits of insurance companies and banks from the operation of branches abroad, while among the more important payments are estate and trust income and interest on other than bonded debt. This last item has risen rapidly in recent years as subsidiaries in Canada have increased their borrowing from related companies abroad.

The usual large deficit in the miscellaneous transactions account is due mainly to business services and other transactions. The term business services covers a wide variety of items which, however, do not lend themselves easily to classification. It includes, for example, receipts and payments for royalties, patents and copyrights, charges for administration and management, commissions, fees, and similar items. Preliminary estimates indicate both higher receipts and payments in 1953. These services are associated in part with the increased tempo of direct investment in Canada and Canadian direct investment abroad, but they also reflect the very high levels of other investment in Canada, and of international trade and production generally. To some extent they represent the costs of borrowing highly developed techniques from abroad, in the same way that interest and dividend payments represent the charges on capital borrowed from abroad.

The "other transactions" referred to in statement 11 cover such items as various international service transactions of the railways and airlines (except for freight and passenger transactions and interest and dividends), and payments and receipts for insurance,

## STATEMENT 11. Miscellaneous Current Transactions with All Countries

Revised 1952 and Preliminary 1953  
(Millions of dollars)

Item	1952		1953		
	Receipts	Payments	Receipts	Payments	Balance
Official contributions .....	—	16	—	24	- 24
Government transactions, n.o.p. ....	122	71	148	122	+ 26
Personal and institutional remittances.....	20	50	22	55	- 33
Miscellaneous income <sup>1</sup> .....	31	39	32	41	- 9
Business services and other transactions <sup>2</sup> .....	108	245	119	252	-133
<b>Total (Table I, items A11 and B9, 11).....</b>	<b>281</b>	<b>421</b>	<b>321</b>	<b>494</b>	<b>-173</b>

1. Including transfers of branch profits by insurance companies and banks.

2. Comparisons with previously published data for 1951 should take account of a downward revision of about \$30 million in both receipts and payments for that year. This revision, affecting transactions with the United States, has not been carried into the data for 1951 in this report pending further analysis.

film rentals, the income of commuters and migrant labour, and trade union transfers. Net payments by the railways, which are the largest transfers in this group, were lower in 1953. This reflects in part improved operations on their lines in the United States.

#### Defence Expenditures and the Balance of Payments

Canadian expenditures on defence activities since mid-1950 have had profound effects on the balance of payments both directly and indirectly. The direct impact is measured in three ways; namely, payments on defence contracts, Mutual Aid to NATO countries, and government service payments. At the same time there have been expenditures in Canada by other governments on procurements and on other defence activities.

Abnormal movements of commodities on government account reappeared in substantial volume in 1951. For balance of payments purposes, payments abroad on defence contracts by the Canadian Government have been substituted for actual direct defence imports and there have been significant differences between times of payment and shipment. On the export side, similarly, receipts from other governments for defence orders in Canada have been substituted for exports on defence contracts, but the former have not diverged greatly in total from actual exports. This treatment, by taking payments instead of movements of goods into the current account, avoids therefore the introduction of abnormal capital account entries which are not related to normal commercial leads and lags. It also accounts for defence purchases abroad which are delivered directly overseas. This procedure gives, furthermore, a better approximation to the actual values as finally determined, since the proper values to be assigned to shipments of these types are often not known at the time of shipment.

These adjustments to import and export statistics, along with the usual adjustments for duplication and non-commercial items, lead to a different merchandise trade balance than that shown in the regularly published trade statistics which are derived from Customs returns. The effects of such adjustments can be large in relation to a small current account balance, although they are small in relation to total imports or exports. It should be noted that the customary non-defence adjustments to trade deduct more from imports than from exports, so that the adjusted trade surplus will usually exceed that in Customs returns and a deficit will be smaller. But the effect of the adjustments for defence transactions has not been consistently in one direction. Both Customs data and adjusted data reflect, of course, the increase in imports and exports from defence contracts over the past several years. The timing of the change since 1950, however, is different in the two series. Starting in 1950 and becoming substantial in 1951 defence payments included advance payments and therefore exceeded actual imports, and the adjustment raised the deficit on commodity movements. Other adjustments to trade, however, had the effect of offsetting most of this. When deliveries on contracts increased in 1952 and 1953 actual defence imports exceeded payments so that there were further deductions from Customs imports besides the other adjustments made to trade. Defence and other adjustments to trade in 1952 raised the surplus as shown in Customs returns, while in 1953 they lowered the deficit. Over the three years from 1951 to 1953 the defence adjustment has virtually cancelled out since payments are the counterpart of commodity movements.

Mutual Aid to NATO countries represents contributions by the Canadian Government to North Atlantic Treaty countries under the Defence Appropriation Act. The contributions include shipments of equipment and supplies and the provision of air training



to European aircrews. The shipments are excluded from the export statistics published by the Bureau. They are included in total current receipts in annual statements in order to show the total of goods and services supplied to other countries. Since they are unilateral transactions, however, in the form of a contribution, they are offset by corresponding entries in current payments. These transactions do not directly affect the current account balance and are not distributed by quarters or areas.

From 1950 to 1953 inclusive such Mutual Aid amounted to approximately \$648 million. Where, as was true earlier, it represented shipments of stocks, such stocks had to be replaced partly in the United States. More recently, current production has been contributing a growing portion of the Mutual Aid and this has direct effects on imports from other countries.

Government service receipts and payments for defence activities are included in the miscellaneous account. They make up a large part of the government portion of this account and for several years have been the most volatile elements in the miscellaneous account. On the receipts side they include such items as United States defence spending in Canada in connection with defence projects here. Payments include expenditures for maintenance of military personnel in Korea and Europe, and for some supplies, equipment, and ammunition obtained and used overseas.

These various types of defence expenditure have, on balance, contributed substantially to the deficits in the recent period as a whole, and more particularly in the years before 1953. Apart from the direct effects mentioned above, there have been a number of indirect effects on the current account balance which do not lend themselves easily to measurement. Some of these involve expenditures outside of Canada by contractors and some are more indirect. The defence programme since 1950 has contributed to the buoyant levels of economic activity in Canada which have in turn led to the large increase in import volume. At the same time, the defence activities of the United States and other countries have affected a number of exports of Canadian products as well as invisible receipts. The definition of defence activities can, furthermore, be broadened to include other than those described above.

### Capital Movements

The persistent capital inflows for long-term investment in Canada continued through 1953 to be the outstanding feature of the capital account in Canada's balance of payments. A new development in the year, however, was the rapidly changing inter-relationship between interest rates in Canada and in the United States which appears to have had a marked effect on international portfolio security transactions. The growing strength of the Canadian

dollar on the exchange markets in 1951-52 undoubtedly played an important role in the substantial repatriation of government bonds which occurred in that period and indeed more than offset for non-resident investors the decline in Canadian bond prices. It was, of course, also an important factor in the very heavy outward movements of private short-term capital through which Canada's international accounts were balanced. The exchange rate played a much less decisive role in international security movements in 1953 while divergent conditions in the bond markets of Canada and the United States became of greater importance.

Over the year as a whole, interest rates in both Canada and the United States rose slightly. Yields on representative Canadian and United States Government long-term bonds each rose an average of 3 base points from December 1952 to December 1953, and the spread between them remained unchanged at 90 base points. In the course of the year, however, marked differences developed. By May and June the spread had narrowed to 59 base points. In the six months ending in June, the average yield on United States Treasury 2½/68 rose from 2.68% to 3.11%, while that on Canada 3/66 rose only from 3.58% to 3.70%. Over the last half of the year, interest rates fell and in December the yields averaged 2.72% on the United States and 3.61% on the Canadian issues. The principal developments in the second quarter, when heavy liquidation of United States holdings of Canadian government bonds occurred and when sales of new Canadian issues in that country contracted sharply, may be of special interest. In mid-April announcement was made of a new issue of United States Government 3¼% long-term bonds, which was followed near the end of the month by an increase in the interest rates charged by New York City banks. This led to a general re-appraisal of yields on public securities, which was given further importance early in May by increases up to ½ per cent in rates on United States Government-backed home mortgages; the mortgage market is of particular significance to life insurance companies and other institutional lenders who are important holders of Canadian government bonds. There seems little doubt that the altered relationship of yields in the two countries and anticipated extension of activity in the United States home mortgage market were among the leading factors in the ensuing return of capital from Canada to the United States. Although for a time interest rates in the United States continued to rise, the Federal Reserve System adopted policies between May and July to ease pressure on the United States money market. These developments had, as will be seen, sharp but short lived effects on the flows of capital between the United States and Canada.

A particularly significant development in 1953 was the net import of capital from overseas countries amounting to \$139 million. In only two other years since the war have net inflows occurred, and the amount involved in 1953 was more than double

the larger of these. While repayments on official loans accounted for a substantial part of the inflow, there were important transfers of private capital for direct and other long-term investment.

#### *Direct investments in Canada*

The net movement of capital into Canada for direct investment in foreign-controlled companies and branches increased to almost \$400 million in 1953, a rise of 15% over 1952. These net inflows have increased year by year since the end of the war, and over the period the annual rate has multiplied tenfold. For the eight years as a whole nearly nine-tenths of these movements have been from the United States but those from the United Kingdom and other overseas countries have been growing recently and in 1953 were greater than in any two previous post-war years.

Detail by major industrial groups to which there were net inward movements of United States direct investment capital aggregating \$330 million in 1953 will be found in statement 12. This statement also gives some indication of the factors contributing to the growth in the aggregate book value of these investments which is provisionally estimated at about \$496 million in 1953. Gross inflows for

investment in United States-controlled petroleum (exploration, development and refining) and mining firms totalled \$155 million and \$104 million respectively and were at record levels. Inflows into transportation companies associated with these resource developments were somewhat smaller than in 1952, however, and as a result the inflows for mining and petroleum including related utilities were just about the same as in the previous year. In both years more than three-quarters of the gross inflows of United States direct investment capital were for these resource developments. Among other United States controlled industries drawing important amounts of additional capital were chemical, home appliance, and other manufacturing firms.

Capital movements for direct investment recorded in the balance of payments generally include transfers to concerns which are controlled by non-residents. Also included are some transfers to companies where control does not lie abroad but where the relationship of the foreign investors may be regarded as representing more than normal portfolio investment. In determining the cases to be given this special treatment, consideration is accorded such factors as the participation of major investors in similar businesses abroad or in the Canadian management, and size of investment.

#### STATEMENT 12. United States Direct Investment in Canada, 1946-1953

(Millions of dollars)

Account	1946	1947	1948	1949	1950	1951	1952	1953	1946-1953
<b>Inflow of new capital:</b>									
Petroleum exploration, development and refining .....	2	12	23	59	98	140	128	155	617
Transportation .....	—	—	—	—	18	10	51	17	96
Mining .....	—	2	5	10	30	37	99	104	287
Pulp and paper .....	20	11	14	3	9	31	7	—	95
Finance .....	15	7	2	3	8	8	1	1	43
Other manufacturing, and miscellaneous .....	26	34	35	39	80	83	78	85	460
<b>Inflow of new capital.....</b>	<b>63</b>	<b>66</b>	<b>79</b>	<b>114</b>	<b>243</b>	<b>309</b>	<b>363</b>	<b>361</b>	<b>1,598</b>
<b>Return of capital .....</b>	<b>25</b>	<b>8</b>	<b>18</b>	<b>30</b>	<b>43</b>	<b>39</b>	<b>44</b>	<b>31</b>	<b>238</b>
<b>Net capital inflow for direct investment (Table 1, item D1)</b>	<b>38</b>	<b>58</b>	<b>61</b>	<b>84</b>	<b>200</b>	<b>270</b>	<b>319</b>	<b>330</b>	<b>1,360</b>
<b>Net other identified capital movements affecting the investment of U.S. residents in U.S. — controlled enterprises</b>	<b>- 43</b>	<b>- 35</b>	<b>20</b>	<b>17</b>	<b>17</b>	<b>34</b>	<b>161</b>	<b>8</b>	<b>179</b>
<b>Net capital inflow .....</b>	<b>- 5</b>	<b>23</b>	<b>81</b>	<b>101</b>	<b>217</b>	<b>304</b>	<b>480</b>	<b>338</b>	<b>1,539</b>
<b>Retention of profits, and other factors including revaluations, reclassifications, and similar accounting adjustments.....</b>	<b>129</b>	<b>97</b>	<b>178</b>	<b>187</b>	<b>114</b>	<b>167</b>	<b>127<sup>2</sup></b>	<b>158<sup>3</sup></b>	<b>1,157<sup>3</sup></b>
<b>Net Increase in book value (Table VII).....</b>	<b>124</b>	<b>120</b>	<b>259</b>	<b>288</b>	<b>331</b>	<b>471</b>	<b>607</b>	<b>496<sup>3</sup></b>	<b>2,696<sup>3</sup></b>

1. Included with other capital movements.

2. This figure is affected by unusually large reclassifications between direct and portfolio investments.

3. Provisional estimate subject to revision.

Note. In addition to investment in new construction and new machinery and equipment included in gross domestic investment as published in the National Accounts, the above figures reflect investment in other forms and the acquisition of existing assets and resources of Canadians. For these and other reasons the series are not strictly comparable.



Statistics of Canada's international investment position include as direct investment only those companies in which control is believed to actually rest with non-residents. In the reconciliation between the two sets of figures given in statement 12 an adjustment is included in the item covering "net other identified capital movements affecting the investment of U.S. residents in U.S.-controlled enterprises" to eliminate these special direct investment transactions. (The category also includes United States investment and disinvestment in Canada in controlled companies, taking such forms as portfolio security transactions and loans by unrelated interests.) Special inflows of the character discussed in this paragraph were of greater than usual significance in 1953 and were particularly large in the merchandising field.

The rate of direct investment inflows from the United States declined during the year 1953 but the existence of large and non-recurring transactions in the early quarters makes it difficult to judge whether the annual upward trend in evidence throughout the post-war period is coming to a close.

Inflows from the United Kingdom totalled \$42 million in 1953, an increase of \$26 million over 1952. In the seven years from 1946 to 1952 inclusive these transfers averaged only \$13 million. The increasing flow of United Kingdom capital to Canada is undoubtedly a reflection of the current policy of the British authorities to facilitate United Kingdom participation in Canadian development, and to provide dollars, within the limits of their resources, for direct investment in productive enterprises which will benefit the United Kingdom balance of payments. Important British investment in 1953 took place in Canadian companies engaged in the manufacture of aircraft, electrical cables, chemicals, and other products, and in petroleum and financial enterprises.

Movements of investment capital from other overseas countries also increased significantly in 1953, amounting to \$26 million, or more than double the total for 1952. All of this amount came from European countries and was invested for the most part in the petroleum industry and in financial enterprises.

In addition to the rise in direct investments in Canada from transfers of capital to Canada there was some growth in investments in Canada through the retention of earnings from existing investments. The growths of undistributed earnings accruing to international capital are not regarded as transactions in the construction of Canada's balance of payments statements and consequently are not included in data on capital movements.

#### *Direct investment abroad*

Net outflows of capital from Canada for direct investment abroad continued at a high level in 1953, totalling \$56 million, but failed to equal

the post-war record outflows of \$77 million reported in 1952. Most of the decline occurred in capital exports to the United States, which were \$16 million lower than in 1952, and to Latin America. Outflows of \$15 million to other sterling area countries continued to be an important factor in the capital account with these countries, reflecting mainly expansion of alumina plant and facilities. As in previous years Canadian capital was invested in a variety of undertakings abroad including manufacturing, mining, petroleum, publishing and utilities.

#### *Trade in outstanding Canadian securities*

As in 1952 trade in outstanding Canadian securities between Canada and other countries in 1953 led on balance to an outflow of capital and, taking the year as a whole, the general pattern of trading was much the same. There continued to be net repurchases of Canadian government bonds from the United States offset in part by net sales of securities of Canadian corporations. Both these movements took place on a reduced scale and the capital export to the United States fell to \$80 million in 1953. Residents of the United Kingdom and other overseas countries added to their holdings of both Canadian government and corporate securities. There was a striking increase in net sales to the United Kingdom which totalled \$27 million, and net sales of \$22 million to other countries were also higher than in the previous year.

Through the year there were indications that the mixed pattern of trading which developed in mid-1951 and continued through 1952 might be coming to an end. After the long period of heavy repatriation, repurchases of government bonds fell sharply in the first quarter of the year. In the second quarter, the trend towards balance was broken by a sudden wave of repatriation from the United States, but it was resumed in the third quarter, and a sales balance was recorded in the final quarter of the year. The balance of trading in Canadian stocks between Canada and other countries also shifted over the year and while relatively heavy net sales to non-residents occurred in the early part of the year, a declining trend was in evidence, and there was net repatriation from all countries in the final quarter.

Trading in outstanding Canadian securities between Canada and the United States resulted in a purchase balance of \$80 million in 1953 compared with \$104 million in 1952. The volume of transactions dropped by more than \$200 million to about \$625 million in 1953. The major contributor to the balance was net repurchases of Government of Canada direct and guaranteed issues aggregating \$64 million, but such repatriation was some \$90 million lower than in 1952 and was the smallest annual repurchase balance since the tremendous sales of 1950. The reflux of the large capital inflows of 1950 appeared to have mainly occurred before the end of 1952 by which time United States

**STATEMENT 13. Transactions in Canadian Securities between Canada and Other Countries, 1953**

A minus sign indicates an outflow of capital from Canada

(Millions of dollars)

Account	Trade in Outstanding Issues	Proceeds of New Issues	Retirements
<b>By Type of Security</b>			
Bonds and Debentures:			
Government of Canada, direct .....	- 38	+ 6	- 80
Government of Canada, guaranteed .....	- 10	-	- 1
Provincial government (including guaranteed) .....	- 8	+143	- 27
Municipal government .....	- 3	+ 79	- 14
Railways, not guaranteed by Government .....	+ 1	-	- 5
Other corporations .....	+ 6	+ 67	- 8
<b>Sub-total: Bonds and Debentures .....</b>	<b>- 52</b>	<b>+295</b>	<b>- 135</b>
Common and Preference Stocks .....	+ 21	+ 47	- 7
<b>Total (Table 1, items D3, 4, 5) .....</b>	<b>- 31</b>	<b>+342</b>	<b>- 142</b>
<b>By Country</b>			
United States .....	- 80	+329	- 132
United Kingdom .....	+ 27	+ 7	- 7
Other OEEC Countries .....	+ 25	+ 3	- 1
Other Countries .....	- 3	+ 3	- 2
<b>Total (Table 1, items D3, 4, 5) .....</b>	<b>- 31</b>	<b>+342</b>	<b>- 142</b>
<b>By Quarter</b>			
First quarter .....	+ 10	+132	- 28
Second quarter .....	- 36	+ 60	- 88
Third quarter .....	- 4	+ 15	- 9
Fourth quarter .....	- 1	+135	- 17
<b>Total (Table 1, items D3, 4, 5) .....</b>	<b>- 31</b>	<b>+342</b>	<b>- 142</b>

holdings of Government of Canada direct issues had fallen from the year-end peak of about \$1,000 million in 1950 to less than \$750 million. The further repatriation which occurred in 1953 was heavily concentrated in the second quarter of the year when net repurchases exceed \$47 million. This movement appears to have been mainly related to the striking changes which occurred at that time in the level of interest rates in the United States discussed earlier in this report. Net repurchases from United States residents of provincial and municipal bonds aggregated about \$20 million in contrast to \$30 million in 1952. But trading in Canadian corporation bonds which led to a sales balance of \$15 million in 1952, resulted in a small repurchase balance in 1953. While most of the repurchases of Government of Canada bonds represented the reduction of international indebtedness payable in Canadian dollars only, trading in guaranteed, provincial and municipal issues included a substantial volume of bonds payable optionally or solely in foreign currencies.

In contrast to the inflow of \$66 million recorded from trade in outstanding Canadian stocks with the United States in 1952, these transactions led to an inflow of only \$6 million in 1953, as Canadians became net buyers over the last six months of the year.

The outstanding features in 1953 of trade in Canadian securities between Canada and the United States included the arresting in November of the long period of repatriation of Government of Canada direct and guaranteed debt. In each of the thirty-one months from April 1951 to October 1953, United States residents were, on balance, sellers of these bonds. Net Canadian repurchases in this period, heavily concentrated in the thirteen months ending October 1952 and in May and June 1953, totalled \$339 million. These market transactions did not represent the full measure of repatriation as there were in addition important retirements. Also of significance was the changing attitude of United States investors to the stocks of Canadian corporations, resulting in net outflows of capital over the last half of the year, although this trend was reversed in the early months of 1954. Despite the outflow of capital as a result of international security trading in 1953, total United States portfolio investment in Canada is estimated to have risen over the year from \$3,215 million to approximately \$3,355 million through the excess of sales of new issues over retirements and through growths in book values.

A striking development in Canada's international security trading in 1953 was the emergence of a sales balance of \$27 million with the United King-



dom. Although sales balances occurred in most months since mid-1952, transactions for that year as a whole led to a small purchase balance, and the net capital inflow from trade in outstanding securities with the United Kingdom in 1953 was the first recorded since 1937. Taking into account new issues, retirements, and official war-time repatriation, it is necessary to go back to 1934 to find a capital import from the United Kingdom on account of portfolio securities. In the intervening eighteen years there were capital outflows from Canada of the order of \$1.4 billion from all security transactions including about \$0.7 billion of official repatriation. The corresponding inflow of \$27 million in 1953 was not large in relation either to the preceding outflows or to United Kingdom portfolio investments in Canada aggregating somewhat over \$1.2 billion. It represents, however, a significant change from the period when, beset by problems of war finance and other currency difficulties, the United Kingdom's overseas investments underwent drastic liquidation despite the substantial war and post-war aid extended by the United States and Canada. In addition to the purchases in 1953 of \$7 million of Canadian equity securities, included in the above totals, United Kingdom residents also transferred increased amounts of capital for participation in the Canadian economy through direct investment in British-controlled enterprises.

Among the background factors to security trading with the United Kingdom, was the conclusion of an agreement covering repayment of the Canadian interest-free loan of 1942 discussed later in this report. As a result of this agreement the authorities in the United Kingdom have withdrawn the restrictions previously imposed on the switching abroad of Canadian securities. The volume of trading in outstanding Canadian securities between Canada and the United Kingdom which had risen from less than \$25 million in 1951 to over \$40 million in 1952 rose to over \$70 million in 1953.

An increase in gross repurchases of Canadian stocks from the United Kingdom might have been expected as a result of the relaxation of United Kingdom restrictions on switching. No significant increase is apparent in the trading statistics, but this is because a sharp decline occurred in the rate of liquidation of British holdings of a Canadian railway stock. Canadian repurchases of all other Canadian stocks more than doubled in 1953. Transactions in railway stock were themselves an important factor in the change in stock trading from a repurchase balance of nearly \$6 million in 1952 to a sales balance of \$7 million in 1953.

Trading with overseas countries other than the United Kingdom also led to a substantial sales balance of \$22 million. This was an increase of \$9 million over 1952 and, with the exception of 1951, was the highest level recorded in the Bureau's series. While net sales of Canadian stocks fell slightly from 1952, there was a marked increase in sales of Canadian bonds of all classes of debtors.

More extensive analysis of Canada's international security transactions will be found in the D.B.S. report on "Sales and Purchases of Securities between Canada and other countries, December 1953, and Review of Trade during 1953."

#### *New issues and retirements of Canadian securities*

The proceeds of new issues of Canadian securities sold to non-residents totalled \$342 million in 1953, an increase of \$26 million over the preceding year. Retirements which were dominated by a special transaction for Government account increased by \$53 million, to total \$142 million in 1953. As a result the net inflow from new issues and retirements of \$200 million was some \$27 million lower than in 1952.

About 30 per cent of the increase of \$800 million in outstanding Canadian provincial, municipal and corporate funded debt in 1953 originated from net new issues to non-residents. Nearly half of the net provincial borrowings were from abroad, as were over a quarter of municipal needs. In the case of Canadian corporations, somewhat less than one-fifth of the net financing in the form of funded debt was provided by non-residents. Between 80 and 85 per cent of the bonds sold abroad were payable optionally or solely in foreign currencies.

Foreign participation in new issues of stock of Canadian corporations more than doubled in 1953 to establish a new annual record for the post-war period of \$47 million.

Sales to non-residents of new Canadian issues were concentrated heavily in the first and last quarters of the year when a substantial volume of financing was done in the New York market. In the middle quarters of the year the volume of new Canadian issues in both domestic and foreign markets was very light. The rapid rise of long-term interest rates which occurred in the United States in the second quarter abruptly narrowed the spread between rates in the two countries. Towards the end of the third quarter United States bond prices rose, and the volume of issues placed by Canadian borrowers in the New York market rose in the final quarter of the year.

Retirements of non-resident owned Canadian securities aggregating \$142 million were dominated by the repurchase for Government account of \$75 million Canada 3/63 (external) loan negotiated in the second quarter. This transaction which coincided in timing with the heavy trading mentioned earlier, was financed directly by a reduction of Canada's official holdings of gold and foreign exchange.

#### *Transactions in foreign securities*

Canadians continued on balance to dispose of United States and other foreign securities through sales abroad during 1953 as they have each year

since 1948. The trading turnover, which exceeded \$200 million, was about one-third greater than in 1952, and the net capital inflow rose from \$12 million to \$21 million. Sales were largely to the United States, and they were concentrated at the year-end when Canadians participated in new issues of United States non-government bonds.

Canadian purchases of foreign new issues, mainly bonds, totalling \$23 million were \$3 million higher than in 1952. Purchases of United States bonds accounted for \$18 million of the total and issues of overseas countries for the balance. In contrast, the foreign new issues in which Canadians participated in 1952 were to a greater extent related to the financing of foreign corporations having interests in Canada or to the Canadian dollar financing of the International Bank for Reconstruction and Development.

#### *Loans by Government of Canada*

Loans to overseas governments produced a larger net credit in Canada's international accounts in 1953 than in any earlier year. Receipts totalled \$87 million, including repayments from the United Kingdom of \$14 million on the loan of 1946 and \$50 million on the interest free loan of 1942. The total compared with \$56 million in 1952 when United Kingdom repayments amounted to \$37 million.

During the year, an agreement was reached between the Governments of the United Kingdom and of Canada providing for the final settlement of the Canadian interest-free loan of 1942. This loan, originally in the amount of \$700 million, was to be reduced by crediting against it dollars accruing to the United Kingdom from sales to non-residents of Canadian securities (payable in Canadian dollars) held by residents of the United Kingdom, together with proceeds of redemption of any Canadian securities. Subsequently, it was agreed that certain new direct investments in Canada and the financing of an order for Canadian aircraft by United Kingdom residents could be offset against the amounts accruing for current payment. As a result of the new agreement signed in August which provided for an immediate payment reducing the amount outstanding to \$150 million and for amortization of the balance over the next five years, the United Kingdom is released from these repayment provisions, and the authorities there have withdrawn the special restrictions imposed on the switching abroad of Canadian securities. The overall effect of the new arrangements is to eliminate the generally self-balancing nature of the loan repayments, the security transactions, and the direct investment in Canada falling within the understanding. Consequently, as a general rule the switching in Canada or elsewhere abroad of United Kingdom holdings of Canadian securities does not now directly affect that country's position, but reductions of these holdings augment its exchange resources, while repayments on the loan and transfers for direct investment in Canada represent a charge upon them.

Repayments from foreign governments have reduced Canada's outstanding loans from \$2,000 million at the end of 1949 to \$1,778 million in 1953. The loans to the United Kingdom included in these totals have fallen from \$1,434 million to \$1,292 million in the same period. Of the total amount outstanding at the end of 1953, about 5 per cent represents loans on which payments are not currently being made. These loans, amounting to some \$90 million, include nearly \$31 million outstanding since shortly after World War I.

#### *Change in Canadian dollar holdings of foreigners*

Non-residents reduced their holdings of Canadian dollars (bank and other deposits, and treasury bills) by \$17 million in 1953. Most of this reduction was by sterling area depositors. Over the first and second quarters there were net imports of capital as non-residents increased their holdings of Canadian dollars by \$45 million and \$20 million respectively, but the third and fourth quarters saw reductions of \$71 million and \$11 million. These changes reflect in part the accumulation and the use in subsequent quarters of balances acquired in anticipation of specific transactions. By the end of 1953, non-resident holdings of Canadian dollars had been reduced from the peak of over \$600 million reached in September 1950 to about \$320 million.

#### *Change in official holdings of gold and foreign exchange*

Official holdings of gold and United States dollars declined moderately over 1953, resulting in capital inflows from the United States of \$42 million. There were capital outflows of \$4 million to the United Kingdom financing a modest increase of holdings of sterling in official accounts. During the first and second quarters of the year, reductions of official holdings of gold and foreign exchange represented capital imports of \$16 million and \$91 million respectively. In the second quarter the repurchase for Government account of \$75 million Canada 3/63 (external) loan was financed with United States funds acquired from the Exchange Fund. In the third and fourth quarters of the year official holdings were increased representing net capital exports of \$35 million and \$34 million respectively. Holdings of gold and United States dollars, shown in Table IV in terms of United States funds, declined from \$1,860.2 million at the end of 1952 to \$1,818.5 million at the end of 1953. This drop was less than the amount of the special repatriation transaction mentioned above. Month-end levels during 1953 varied between \$1,866.8 million in January—the highest ever recorded—and \$1,750.1 million in June. Within this range the holdings fluctuated, with no more than three consecutive monthly increases or decreases. It appeared to be the continuing policy of the exchange authorities to allow the exchange rate to be determined by the normal play of economic forces without official intervention, except to ensure orderly conditions in the foreign exchange market.



*Other capital movements*

The major change from 1952 to 1953 in the capital account of the balance of payments was in "Other capital movements" which resulted in a net outflow of \$179 million in contrast to the spectacular outflow of over \$500 million in 1952. Although an inflow occurred in the second quarter following seven successive quarters of capital export, outflows re-appeared in the latter part of the year. These outflows followed a period of substantial inflows in 1950 and the first half of 1951.

This category of capital movements covers a wide variety of transactions including changes in loans and advances outstanding, in intercompany accounts and accounts receivable and payable, and in private, commercial and banking balances and short-term investments abroad. It includes the net

change in short-term holdings of Canadian funds by the International Bank for Reconstruction and Development and the International Monetary Fund, and also the residual item of the balance of payments representing the amount by which estimates of the current account balance differed from recorded capital movements.

Sufficient detail is not yet available for a detailed analysis of the components of other capital movements in 1953. The long-term loans, advances, and other long-term capital movements which are included reflected net inflows of \$10 million in contrast to net outflows of \$2 million in 1952. But the outflow through the reduction of short-term holdings of Canadian funds by the IBRD and IMF rose from \$1 million in 1952 to \$18 million in 1953. Preliminary data indicate that the balancing item is likely to be much smaller in 1953 than in the previous year.

**Canada's International Investment Position**

This report contains an extended series of tables presenting statistics of Canada's international investment position. This material is included to assist in evaluating the effects of recent capital movements between Canada and other countries as shown in the annual statements of the balance of payments. The balance of indebtedness shown in statement 14 includes all of Canada's long-term investments and short-term assets and liabilities except those of a commercial character. Detail of the components and of the geographic distribution will be found in Tables III to X.

During 1953, Canada's net international indebtedness is estimated to have reached \$5.7 billion. This balance has grown by \$2.0 billion since 1949, it now exceeds by \$0.2 billion the indebtedness outstanding at the beginning of the war, although it is still some \$0.8 billion below our net liability at the end of 1930. In the light of the great development in Canada's productive capacity in recent years and of increases which have occurred in price levels the burden of this net liability must, however, be regarded as relatively much lighter than in the pre-war period.

More important changes have occurred in Canada's international assets and liabilities than are indicated in the movement of the totals. In the period of 27 years covered by official estimates, foreign direct investment in Canada has risen by \$4.0 billion, investment in government and municipal bonds by \$0.7 billion, and other long-term investments by \$0.5 billion. On the long-term asset side, Canadian direct investment abroad has risen by \$1.0 billion, portfolio investment by \$0.3 billion, and government loans and advances to foreign governments by \$1.8 billion. Among important changes in short-term assets has been the establishment by Canada of \$1.8 billion official holdings of gold and foreign exchange. To a considerable extent, therefore, the growth of Canada's assets abroad has been government-owned, while the growth in our liabilities has represented private investment largely of an equity character.

Since the first World War, the United States has been Canada's principal source of external capital. During the early part of World War II, the

**STATEMENT 14. Summary of Canada's Balance of International Indebtedness, Selected Year Ends**

(Billions of dollars)

Item	1926	1930	1939	1945	1949	1950	1951	1952	1953
Gross liabilities to other countries .....	6.4	8.0	7.4	7.6	8.9	9.9	10.6	11.4	12.3
Gross external assets .....	1.3	1.5	1.9	3.8	5.2	5.9	6.0	6.5	6.6
<b>Net Indebtedness .....</b>	<b>5.1</b>	<b>6.5</b>	<b>5.5</b>	<b>3.9</b>	<b>3.7</b>	<b>4.0</b>	<b>4.6</b>	<b>4.9</b>	<b>5.7</b>

United Kingdom found itself obliged to draw heavily upon its resources abroad, and as a consequence Canada's net liability to that country was reduced from \$2.5 billion in 1939 to \$1.1 billion in 1945. Largely as a result of the post-war loan by Canada, this balance was further reduced to \$0.2 billion by 1949 but it has since risen to \$0.6 billion. While net British investment in Canada was reduced by \$2.0 billion, net United States investment increased from \$2.8 billion in 1926 to \$7.3 billion in 1953 (exclusive of official gold and foreign exchange holdings).

Although the international transactions shown in Canada's balance of payments are by far the most important factor causing changes in Canada's international investment position, other factors are also at work. In 1953 Canada's net international indebtedness is tentatively estimated to have risen by \$0.8 billion, although Canada's net import of capital as shown in the balance of payments statements was less than \$0.5 billion. The latter statements do not, however, show growths in undistributed earnings which on balance added to the indebtedness. On the other hand, estimates of Canada's net indebtedness do not include short-term commercial assets and liabilities in which a net export of capital occurred in 1953. These factors taken together probably accounted for most of the difference. Timing differences (investment data are compiled by corporate financial year while the balance of payments covers calendar periods) and the introduction of new series for some data may also have been important.

Canada has attracted a greater amount of foreign private investment capital than any other country. The early stages of Canadian development, particularly in transportation facilities, rested almost entirely on foreign capital, and private estimates place the total non-resident investment in Canada at the turn of the century in excess of

\$1.2 billion. Canada's gross liabilities to other countries had risen to \$8.0 billion by the end of 1930, and although they declined in the next decade they have grown since with the expansion of the Canadian economy to a total of \$12.3 billion.

These increases might be assumed to demonstrate that in the post-war expansion Canada has become increasingly dependent on foreign capital. This conclusion would be misleading. Savings generated in the Canadian economy have been sufficient in most of the post-war period to finance Canadian expansion. Some of these savings have however been used to finance Canadian investment in a variety of forms abroad while, as is well known, foreign capital has flowed to Canada particularly for investment in the manufacturing, mining, and petroleum industries.

The importance of foreign capital to Canada cannot be determined, however, from the existence of relatively small net capital imports or exports. The elimination of some forms of outward capital movement, had this been possible, would not have ensured that the enterprises and industries importing foreign capital would have been able to substitute Canadian financing. The foreign capital which has come into Canada in the post-war years has done so largely because the initiative came from abroad or because of a relative shortage of particular types of financial capital in Canada.

The relative decline of Canada's reliance on foreign capital markets is shown strikingly by the changes since the inter-war period in the international distribution of funded debt of Canadian governments and corporations (statement 15). In 1953 non-residents owned less than 15% of this funded debt, in contrast to more than one-third before the war. In the period from 1937 to 1953 the amount of Canadian funded debt outstanding increased by over \$14 billion nearly 90% of this

**STATEMENT 15. Changes in Ownership of the Funded Debt of Canadian Governments and Corporations, 1936-1953**

Debtor	Percentage held by non-residents		Percentage change in total outstanding 1937-1953	Percentage of total change 1937-1953 due to changes in holdings of	
	1936	1953		non-residents	residents
Dominion direct and guaranteed, excluding railways .....	24	5	+ 344	—	100
Provincial direct and guaranteed, excluding railways .....	28	30	+ 70	32	68
Municipal .....	25	24	+ 13	22	78
<b>Sub-total Government bonds .....</b>	<b>25</b>	<b>10</b>	<b>+ 197</b>	<b>3</b>	<b>97</b>
Steam railways .....	63	55	- 38	78	22
Other corporations .....	39	29	+ 113	18	82
<b>Total bonds and debentures .....</b>	<b>34</b>	<b>15</b>	<b>+ 141</b>	<b>1</b>	<b>99</b>



**STATEMENT 16. Estimated Distribution of Ownership of Funded Debt of Canadian Governments and Corporations, End of 1953**

(Millions of dollars)

Debtor	Amounts Outstanding	Distribution of Ownership			
		Canada	United States	United Kingdom	Other Countries
Dominion direct and guaranteed, excluding railways.....	15,169	14,425	608	79	57
Provincial direct and guaranteed, excluding railways.....	3,142	2,213	879	42	8
Municipal.....	1,656	1,251	368	35	2
<b>Sub-total Government bonds .....</b>	<b>19,967</b>	<b>17,889</b>	<b>1,855</b>	<b>156</b>	<b>67</b>
<b>Percentage distribution.....</b>	<b>100.0%</b>	<b>89.59%</b>	<b>9.29%</b>	<b>0.78%</b>	<b>0.34%</b>
Steam railways.....	1,150	522	287	307	34
Other corporations.....	3,395	2,447	788	129	31
<b>Total bonds and debentures.....</b>	<b>24,512</b>	<b>20,858</b>	<b>2,930</b>	<b>592</b>	<b>132</b>
<b>Percentage distribution.....</b>	<b>100.0%</b>	<b>85.09%</b>	<b>11.95%</b>	<b>2.42%</b>	<b>0.54%</b>

was reflected in increased Canadian holdings. The total outstanding increased by about 140% but non-resident holdings increased by only 5% while Canadian holdings more than tripled. A major part of these changes reflected, however, Canada's war-time financing. The funded debt of corporations other than railroads (excluded because of official repatriation from the United Kingdom) somewhat more than doubled from 1937 to 1953; non-residents' holdings increased by over 50% while Canadian holdings increased by 150%. Estimates of the distribution of ownership of funded debt at the end of 1953 will be found in statement 16.

Institutions, particularly United States life insurance companies, are the major non-resident holders of Canadian bonds and debentures. At the end of 1952, United States life insurance companies are estimated to have owned 42% of all the Canadian funded debt held in the United States. These institutions were important purchasers of new issues of Canadian securities placed in the New York market, as will be evident from statement 17. Aside from holdings of subsidiaries' debt by parent companies, other portfolio holdings by United States holders were reduced during 1952, while these institutions acquired an additional \$92 million of Canadian securities. These shifts, and the increasing proportion of foreign held debt which is payable in foreign currency, have probably been characteristic of the post-war period taken as a whole.

Non-resident capital is concentrated in certain types of Canadian industry, particularly mining and manufacturing. As will be seen from statement 18, foreign ownership covers slightly less than one-third of the broad field of selected industry and commerce shown. This share dropped from 38% in 1939 to 33% in 1948. Despite the tremendous inflows of foreign long-term capital into Canadian enterprises since that time, Canadian capital has maintained its proportion of the total. There are vast areas of Canadian investment not covered in

**STATEMENT 17. Change in United States Holdings of Canadian Bonds and Debentures, 1952**

(Millions of dollars)

Debtor	Life insurance companies	Other holders	All United States residents
Dominion direct and guaranteed .....	- 97	- 81	- 178
Provincial direct and guaranteed .....	+ 41	+ 9	+ 50
Municipal .....	+ 51	- 23	+ 28
Corporations .....	+ 97	+ 100	+ 197
<b>Total .....</b>	<b>+ 92</b>	<b>+ 5</b>	<b>+ 97</b>

It should be noted that Canadian bonds and debentures held in the United States include that portion of direct investment by parent companies which takes this nominal form. Issues by subsidiaries to parent companies accounted for a significant part of the increase in "other" holdings of corporate bonds. Portfolio holdings of Canadian bonds and debentures by other than U.S. life insurance companies consequently fell considerably in 1952.

statement 18, in such forms as farm property, residential real estate, federal, provincial and municipal assets (other than manufacturing, mining, railways, power and communications), as well as Canadian investments abroad. If a satisfactory valuation could be placed on these assets held mainly in the non-corporate sector of the economy and owned predominantly by Canadians, it would be found that the Canadian-owned proportion of total Canadian wealth would be substantially higher than the 68% shown for the selected industries in statement 18.

Extensive comment on the nature of foreign investments in Canada and Canadian investments abroad was included in "The Canadian Balance of International Payments in the Post-War Years, 1946-1952" and is not repeated in this report.

In view, however, of particular interest in the subject a tentative valuation of United States long-term investment in Canada to the end of 1953 is given in statement 19.

Because of the prominent place of foreign investment in the petroleum industry in Canada, estimates at the end of 1945 and of 1952 are shown in statement 20. These data cannot be derived directly from the tables because of different

classification of the companies. Aside from the tremendous growths of foreign investment in the petroleum industry as a whole amounting to \$764 million in the seven years from 1946 to 1952, it is interesting to note that the total increase of \$1,700 million recorded for the manufacturing sector may be divided into \$327 million for the petroleum industry and \$1,373 million for all other manufacturing companies.

**STATEMENT 18. Non-Resident Ownership as a Percentage of Selected Canadian Industries,  
End of 1939, 1948, and 1951<sup>1</sup>**

Industry	Percentage of total owned by					
	All non-residents			United States Residents		
	1939	1948	1951	1939	1948	1951
Manufacturing <sup>2</sup> .....	42	42	43	34	36	36
Mining, smelting and petroleum exploration and development <sup>2</sup> .....	40	42	59	31	35	52
Steam railways .....	57	43	39	18	21	18
Other utilities .....	27	21	20	20	17	17
<b>Total of above industries and merchandising...</b>	<b>38</b>	<b>33</b>	<b>32</b>	<b>22</b>	<b>24</b>	<b>24</b>

1. Post-war data have been re-calculated and are not strictly comparable with figures published in earlier reports.

2. Investments in exploration and development of petroleum by companies engaged principally in refining and production of petroleum products are included in manufacturing.

**STATEMENT 19. Value of United States Investments in Canada, End of 1945, 1949-1953  
(Millions of dollars)**

Classification	1945	1949	1950	1951	1952	1953 <sup>1</sup>
Direct investment .....	2,304	3,095	3,426	3,897	4,504	5,000
Government and municipal bonds .....	1,450	1,534	1,746	1,898	1,826	1,855
Other portfolio investments .....	1,106	1,106	1,186	1,269	1,389	1,500
Miscellaneous assets .....	130	170	190	195	257	245
<b>Total book value .....</b>	<b>4,990</b>	<b>5,905</b>	<b>6,548</b>	<b>7,259</b>	<b>7,976</b>	<b>8,600</b>

1. Provisional estimate subject to revision.

**STATEMENT 20. Book Value of Foreign Investment in the Petroleum Industry in Canada,  
End of 1945 and 1952**

(Millions of dollars)

Investment in	Classification in investment records (Tables VI to VIII)	Year End	Non-resident Total	United States		
				Total	Direct	Portfolio
Exploration and development companies	Mining and smelting .....	1945	6	5	4	1
		1952	351	344	318	26
Refining companies .....	Manufacturing (non-metallic minerals)	1945	114	106	100	6
		1952	441	429	404	25
Merchandising companies .....	Merchandising .....	1945	6 <sup>2</sup>	6	6	—
		1952	12	10	10	—
Transportation companies .....	Public utilities (other) ....	1945	1	1	1	—
		1952	86	85	85	—
<b>All Petroleum .....</b>		1945	126	117	110	7
		1952	890	868	817	51

Notes: For the purposes of this table Newfoundland was included with Canada in 1945.

Investments in Canadian companies are classified in the investment records according to principal activities in Canada. Investments in exploration and development of petroleum by companies engaged in refining and production of petroleum products are therefore included in the Manufacturing (non-metallic minerals) group.

1. Investment included with refining companies.

2. Investment of countries other than the United States included with refining companies.



**TABLE 1 Current and Capital Account of the Canadian Balance of International Payments**  
**Revised Estimates for 1952 and Preliminary Estimates for 1953**

(Millions of dollars)

No.	Account	All Countries		United States		United Kingdom		Other Sterling Area		Other OEEC Countries		All Other Countries	
		1952	1953	1952	1953	1952	1953	1952	1953	1952	1953	1952	1953
<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted) .....	4,339	4,152	2,346	2,458	727	656	293	251	473	371	500	416
2	Mutual Aid to NATO Countries .....	200	246	—	—	—	—	—	—	—	—	—	—
3	Gold production available for export .....	150	144	150	144	—	—	—	—	—	—	—	—
4	Travel expenditures .....	275	302	257	282	10	12	3	3	4	4	1	1
5	Interest and dividends .....	145	164	85	99	29	31	7	12	13	12	11	10
6	Freight and shipping .....	383	337	174	164	105	87	20	20	43	36	41	30
7	Inheritances and immigrants' funds .....	85	92	38	41	20	19	3	4	20	22	4	6
11	All other current receipts .....	281	321	224	255	34	37	5	6	9	10	9	13
12	<b>Total Current Receipts .....</b>	<b>5,858</b>	<b>5,758</b>	<b>3,274</b>	<b>3,443</b>	<b>925</b>	<b>842</b>	<b>331</b>	<b>296</b>	<b>562</b>	<b>455</b>	<b>566</b>	<b>476</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted) .....	3,850	4,209	2,817	3,046	350	462	185	172	149	173	349	356
4	Travel expenditures .....	341	365	294	307	27	31	5	6	13	18	2	3
5	Interest and dividends .....	413	410	344	341	56	55	—	—	11	12	2	2
6	Freight and shipping .....	375	382	302	301	42	45	5	6	19	23	7	7
7	Inheritances and emigrants' funds .....	94	91	77	74	12	12	1	1	3	3	1	1
9	Official contributions .....	16	24	—	—	—	—	15	18	1	1	—	5
10	Mutual Aid to NATO Countries .....	200	246	—	—	—	—	—	—	—	—	—	—
11	All other current payments .....	405	470	289	298	50	95	6	6	34	46	26	25
12	<b>Total Current Payments .....</b>	<b>5,694</b>	<b>6,197</b>	<b>4,123</b>	<b>4,367</b>	<b>537</b>	<b>700</b>	<b>217</b>	<b>209</b>	<b>230</b>	<b>276</b>	<b>387</b>	<b>399</b>
	Balance on Merchandise Trade .....	+ 489	- 57	- 471	- 588	+ 377	+ 194	+ 108	+ 79	+ 324	+ 198	+ 151	+ 60
	Balance on Other Transactions, excluding B9 .....	- 309	- 358	- 378	- 336	+ 11	- 52	+ 21	+ 26	+ 9	- 18	+ 28	+ 22
	Official contributions .....	- 16	- 24	—	—	—	—	- 15	- 18	- 1	- 1	—	- 5
<b>C</b>	<b>Current Account Balance .....</b>	<b>+ 164</b>	<b>- 439</b>	<b>- 849</b>	<b>- 924</b>	<b>+ 388</b>	<b>+ 142</b>	<b>+ 114</b>	<b>+ 87</b>	<b>+ 332</b>	<b>+ 179</b>	<b>+ 179</b>	<b>+ 77</b>
<b>D</b>	<b>Capital Account:</b>												
	Direct Investment:												
1	Direct investment in Canada .....	+ 346	+ 398	+ 319	+ 330	+ 16	+ 42	- 1	—	+ 10	+ 26	+ 2	—
2	Direct investment abroad .....	- 77	- 56	- 42	- 26	- 2	- 8	- 17	- 15	- 2	- 1	- 14	- 6
	Canadian Securities:												
3	Trade in outstanding issues .....	- 94	- 31	- 104	- 80	- 3	+ 27	—	—	+ 9	+ 25	+ 4	- 3
4	New issues .....	+ 316	+ 342	+ 315	+ 329	+ 1	+ 7	—	—	—	+ 3	—	+ 3
5	Retirements .....	- 89	- 142	- 75	- 132	- 9	- 7	—	—	- 5	- 1	—	- 2
	Foreign Securities:												
6	Trade in outstanding issues .....	+ 12	+ 21	+ 9	+ 20	+ 3	+ 2	—	—	—	- 1	—	—
7	New issues .....	- 20	- 23	- 5	- 18	—	—	—	—	—	—	- 15	- 5
8	Retirements .....	—	+ 1	—	+ 1	—	—	—	—	—	—	—	—
	Loans by Government of Canada:												
10	Repayment of post-war loans .....	+ 33	+ 37	—	—	+ 14	+ 14	—	—	+ 16	+ 18	+ 3	+ 5
11	Repayment of war loans .....	+ 23	+ 50	—	—	+ 23	+ 50	—	—	—	—	—	—
14	Change in Canadian dollar holdings of foreigners .....	- 66	- 17	- 37	- 1	- 13	- 12	- 9	- 4	- 5	+ 4	- 2	- 4
16	Change in official holdings of gold, U.S. dollars and sterling (increase, minus) ..	- 37	+ 38	- 80	+ 42	+ 43	- 4	—	—	—	—	—	—
17	Other capital movements .....	- 511	- 179	- 458	- 165	- 63	+ 6	+ 1	- 1	+ 23	- 2	- 14	- 17
<b>E</b>	<b>Net Capital Movement .....</b>	<b>- 164</b>	<b>+ 439</b>	<b>- 158</b>	<b>+ 300</b>	<b>+ 10</b>	<b>+ 117</b>	<b>- 26</b>	<b>- 20</b>	<b>+ 46</b>	<b>+ 71</b>	<b>- 36</b>	<b>- 29</b>
<b>G</b>	<b>Balance Settled by Exchange Transfers .....</b>	<b>—</b>	<b>—</b>	<b>+ 1,007</b>	<b>+ 624</b>	<b>- 398</b>	<b>- 259</b>	<b>- 88</b>	<b>- 67</b>	<b>- 378</b>	<b>- 250</b>	<b>- 143</b>	<b>- 48</b>
	<b>Total Financing of Current Account Balance (Item C) .....</b>	<b>- 164</b>	<b>+ 439</b>	<b>+ 849</b>	<b>+ 924</b>	<b>- 388</b>	<b>- 142</b>	<b>- 114</b>	<b>- 87</b>	<b>- 332</b>	<b>- 179</b>	<b>- 179</b>	<b>- 77</b>

## Notes:

Other Sterling Area includes the countries of the Commonwealth, United Kingdom dependencies, and Ireland, Iraq, Iceland, Burma, Libya and Jordan. Other OEEC Countries includes all the countries participating in the Organization for European Economic Co-operation which are not also members of the sterling area; namely, Austria, Belgium, Luxembourg, Denmark, France, West Germany, Greece, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland and Turkey, and their overseas territories. The All Other Countries group includes Latin America, non-sterling area countries in Asia, continental European countries not in OEEC, the IMF and IBRD, and all other countries not specified above.

A2, B10 Mutual Aid is not included in figures for countries or areas, but is included in total receipts and total payments with all countries.

D A minus sign indicates an outflow of capital from Canada. Some capital transactions with other sterling area are included under the United Kingdom, and with other overseas countries under the United States.

D17 Also includes balancing item representing unrecorded capital movements and errors and omissions.

**TABLE II. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1951-1953**  
(Millions of dollars)

## A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1951				1952				1953			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted) .....	815	952	1,044	1,139	1,010	1,124	1,049	1,156	918	1,113	1,077	1,044
3	Gold production available for export .....	37	43	35	35	41	35	37	37	48	37	30	29
4	Travel expenditures .....	23	51	157	43	24	53	156	42	26	57	172	47
5	Interest and dividends .....	16	25	19	55	17	32	23	73	26	32	24	82
6	Freight and shipping .....	68	81	96	106	84	98	98	103	71	92	86	88
7	Inheritances and immigrants' funds .....	14	19	22	22	17	27	22	19	16	27	26	23
11	All other current receipts .....	65	57	65	62	58	67	67	89	69	73	95	84
12	<b>Total Current Receipts</b> .....	<b>1,038</b>	<b>1,228</b>	<b>1,438</b>	<b>1,462</b>	<b>1,251</b>	<b>1,436</b>	<b>1,432</b>	<b>1,519</b>	<b>1,174</b>	<b>1,431</b>	<b>1,510</b>	<b>1,397</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted) .....	946	1,193	1,082	876	890	985	937	1,038	1,002	1,161	1,052	994
4	Travel expenditures .....	54	74	96	56	63	97	110	71	68	95	124	78
5	Interest and dividends .....	100	96	91	163	82	88	95	148	86	102	81	141
6	Freight and shipping .....	59	93	102	100	65	98	105	107	70	108	110	94
7	Inheritances and emigrants' funds .....	15	17	19	19	21	24	24	25	21	22	25	23
9	Official contributions .....	1	5	—	3	11	—	—	5	10	9	3	2
11	All other current payments .....	99	102	113	109	91	100	106	108	101	125	128	116
12	<b>Total Current Payments</b> .....	<b>1,274</b>	<b>1,580</b>	<b>1,503</b>	<b>1,326</b>	<b>1,223</b>	<b>1,392</b>	<b>1,377</b>	<b>1,502</b>	<b>1,358</b>	<b>1,622</b>	<b>1,523</b>	<b>1,448</b>
	Balance on Merchandise Trade .....	- 131	- 241	- 38	+ 263	+ 120	+ 139	+ 112	+ 118	- 84	- 48	+ 25	+ 50
	Balance on Other Transactions, Excluding B9 .....	- 104	- 106	- 27	- 124	- 81	- 95	- 37	- 96	- 90	- 134	- 35	- 99
	Official Contributions .....	- 1	- 5	—	- 3	- 11	—	—	- 5	- 10	- 9	- 3	- 2
<b>C</b>	<b>Current Account Balance</b> .....	<b>- 236</b>	<b>- 352</b>	<b>- 65</b>	<b>+ 136</b>	<b>+ 28</b>	<b>+ 44</b>	<b>+ 75</b>	<b>+ 17</b>	<b>- 184</b>	<b>- 191</b>	<b>- 13</b>	<b>- 51</b>
<b>D</b>	<b>Capital Account:</b>												
	Direct Investment:												
1	Direct investment in Canada .....	+ 46	+ 75	+ 53	+ 135	+ 71	+ 78	+ 106	+ 91	+ 103	+ 90	+ 97	+ 108
2	Direct investment abroad .....	- 3	- 4	- 4	- 9	- 9	- 21	- 19	- 28	- 8	- 10	- 10	- 28
	Canadian Securities:												
3	Trade in outstanding issues .....	+ 63	+ 1	+ 11	- 37	—	- 19	- 51	- 24	+ 10	- 36	- 4	- 1
4	New issues .....	+ 26	+ 155	+ 76	+ 154	+ 88	+ 159	+ 23	+ 46	+ 132	+ 60	+ 15	+ 135
5	Retirements .....	- 25	- 37	- 67	- 55	- 12	- 41	- 7	- 29	- 28	- 88	- 9	- 17
	Foreign Securities:												
6	Trade in outstanding issues .....	+ 1	+ 5	+ 5	+ 4	+ 6	+ 3	+ 3	—	+ 2	+ 3	+ 1	+ 15
7	New issues .....	—	- 1	- 1	- 1	- 19	- 1	—	—	- 1	- 2	- 1	- 19
8	Retirements .....	+ 1	—	+ 1	+ 1	—	—	—	—	+ 1	—	—	—
	Loans by Government of Canada:												
10	Repayment of post-war loans .....	—	+ 7	—	+ 27	—	+ 9	—	+ 24	+ 2	+ 11	—	+ 24
11	Repayment of war loans .....	+ 5	+ 14	+ 8	+ 7	+ 2	+ 6	+ 8	+ 7	+ 4	+ 7	+ 39	—
14	Change in Canadian dollar holdings of foreigners .....	- 20	- 13	- 77	- 82	- 4	+ 4	+ 2	- 68	+ 45	+ 20	- 71	- 11
16	Change in official holdings of gold and foreign exchange (increase, minus) .....	+ 110	- 45	+ 64	- 185	+ 24	- 32	- 25	- 4	+ 16	+ 91	- 35	- 34
17	Other capital movements .....	+ 32	+ 195	- 4	- 95	- 175	- 189	- 115	- 32	- 94	+ 45	- 9	- 121
<b>E</b>	<b>Net Capital Movement</b> .....	<b>+ 236</b>	<b>+ 352</b>	<b>+ 65</b>	<b>- 136</b>	<b>- 28</b>	<b>- 44</b>	<b>- 75</b>	<b>- 17</b>	<b>+ 184</b>	<b>+ 191</b>	<b>+ 13</b>	<b>+ 51</b>



TABLE II. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1951-1953  
(Millions of dollars)

## B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1951				1952				1953			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted) .....	538	588	583	617	555	575	562	654	590	629	612	627
3	Gold production available for export .....	37	43	35	35	41	35	37	37	48	37	30	29
4	Travel expenditures .....	21	47	151	39	22	49	149	37	24	52	165	41
5	Interest and dividends .....	11	11	14	21	13	18	19	35	21	15	18	45
6	Freight and shipping .....	35	41	43	45	38	44	45	47	37	44	42	41
7	Inheritances and immigrants' funds .....	7	8	9	8	7	11	11	9	8	11	11	11
11	All other current receipts .....	51	43	50	47	45	52	53	74	51	58	78	68
12	<b>Total Current Receipts</b> .....	<b>700</b>	<b>781</b>	<b>885</b>	<b>812</b>	<b>721</b>	<b>784</b>	<b>876</b>	<b>893</b>	<b>779</b>	<b>846</b>	<b>956</b>	<b>862</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted) .....	787	827	723	605	673	720	663	761	759	841	742	704
4	Travel expenditures .....	48	64	85	49	56	84	95	59	60	79	105	63
5	Interest and dividends .....	79	83	74	146	62	74	77	131	68	88	62	123
6	Freight and shipping .....	43	74	82	77	50	79	86	87	55	87	86	73
7	Inheritances and emigrants' funds .....	12	13	15	15	18	19	20	20	18	18	19	19
11	All other current payments .....	76	79	88	85	64	72	76	77	67	75	77	79
12	<b>Total Current Payments</b> .....	<b>945</b>	<b>1,140</b>	<b>1,067</b>	<b>977</b>	<b>923</b>	<b>1,048</b>	<b>1,017</b>	<b>1,135</b>	<b>1,027</b>	<b>1,188</b>	<b>1,091</b>	<b>1,061</b>
<b>C</b>	<b>Current Account Balance</b> .....	<b>- 245</b>	<b>- 359</b>	<b>- 182</b>	<b>- 165</b>	<b>- 202</b>	<b>- 264</b>	<b>- 141</b>	<b>- 242</b>	<b>- 248</b>	<b>- 342</b>	<b>- 135</b>	<b>- 199</b>
<b>D</b>	<b>Capital Account:</b>												
	Direct Investment:												
1	Direct investment in Canada .....	+ 33	+ 68	+ 45	+ 124	+ 65	+ 73	+ 100	+ 81	+ 92	+ 81	+ 81	+ 76
2	Direct investment abroad .....	- 1	-	- 1	- 2	- 3	- 8	- 9	- 22	- 1	- 1	- 4	- 20
	Canadian Securities:												
3	Trade in outstanding issues .....	+ 58	- 6	+ 9	- 41	- 1	- 18	- 56	- 29	+ 2	- 49	- 13	- 20
4	New issues .....	+ 26	+ 155	+ 76	+ 147	+ 88	+ 159	+ 23	+ 45	+ 129	+ 58	+ 13	+ 129
5	Retirements .....	- 16	- 29	- 64	- 50	- 8	- 39	- 5	- 23	- 24	- 87	- 6	- 15
	Foreign Securities:												
6	Trade in outstanding issues .....	+ 1	+ 8	+ 5	+ 4	+ 6	+ 2	+ 2	- 1	+ 1	+ 3	+ 1	+ 15
7	New issues .....	-	- 1	- 1	- 1	- 4	- 1	-	-	-	- 1	-	- 17
8	Retirements .....	+ 1	-	+ 1	-	-	-	-	-	+ 1	-	-	-
14	Change in Canadian dollar holdings of foreigners .....	- 25	- 19	- 6	- 3	- 11	+ 13	- 12	- 27	+ 14	+ 10	- 15	- 10
16	Change in official holdings of gold and U.S. dollars (increase, minus) .....	+ 92	- 31	+ 77	- 177	- 9	- 40	- 27	- 4	+ 15	+ 94	- 37	- 30
17	Other capital movements .....	+ 48	+ 178	- 43	- 124	- 158	- 180	- 102	- 18	- 90	+ 47	- 16	- 106
<b>E</b>	<b>Net Capital Movement</b> .....	<b>+ 217</b>	<b>+ 323</b>	<b>+ 98</b>	<b>- 123</b>	<b>- 35</b>	<b>- 39</b>	<b>- 86</b>	<b>+ 2</b>	<b>+ 139</b>	<b>+ 155</b>	<b>+ 4</b>	<b>+ 2</b>
<b>G</b>	<b>Balance Settled by Exchange Transfers</b> .....	<b>+ 28</b>	<b>+ 36</b>	<b>+ 84</b>	<b>+ 288</b>	<b>+ 237</b>	<b>+ 303</b>	<b>+ 227</b>	<b>+ 240</b>	<b>+ 109</b>	<b>+ 187</b>	<b>+ 131</b>	<b>+ 197</b>
	<b>Total Financing of Current Account Balance (item C) .....</b>	<b>+ 245</b>	<b>+ 359</b>	<b>+ 182</b>	<b>+ 165</b>	<b>+ 202</b>	<b>+ 264</b>	<b>+ 141</b>	<b>+ 242</b>	<b>+ 248</b>	<b>+ 342</b>	<b>+ 135</b>	<b>+ 199</b>

**TABLE II. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1951-1953**  
(Millions of dollars)

No.	Account	1951				1952				1953			
		I	II	III	IV	I	II	III	IV	I	II	III	IV

**C. BETWEEN CANADA AND THE UNITED KINGDOM**

<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted).....	112	147	189	188	158	246	169	154	119	191	194	152
4	Travel expenditures .....	1	2	3	2	1	2	4	3	1	3	4	4
5	Interest and dividends .....	2	1	2	25	2	1	2	24	2	1	2	26
6	Freight and shipping.....	16	19	26	30	23	30	27	25	16	24	24	23
7	Inheritances and immigrants' funds .....	3	3	4	4	4	7	4	5	4	6	5	4
11	All other current receipts.....	11	10	10	11	8	9	8	9	12	8	8	9
12	<b>Total current receipts.....</b>	<b>145</b>	<b>182</b>	<b>234</b>	<b>260</b>	<b>196</b>	<b>295</b>	<b>214</b>	<b>220</b>	<b>154</b>	<b>233</b>	<b>237</b>	<b>218</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted).....	90	133	110	84	66	91	95	98	103	136	116	107
4	Travel expenditures .....	3	7	6	4	3	8	8	8	3	10	10	8
5	Interest and dividends .....	18	11	14	14	17	11	15	13	15	11	15	14
6	Freight and shipping.....	10	11	10	12	9	12	11	10	9	12	13	11
7	Inheritances and emigrants' funds .....	2	3	3	2	2	4	3	3	2	3	4	3
11	All other current payments.....	14	13	12	12	13	12	12	13	20	29	31	15
12	<b>Total current payments.....</b>	<b>137</b>	<b>178</b>	<b>155</b>	<b>128</b>	<b>110</b>	<b>138</b>	<b>144</b>	<b>145</b>	<b>152</b>	<b>201</b>	<b>189</b>	<b>158</b>
<b>C</b>	<b>Current Account Balance .....</b>	<b>+ 8</b>	<b>+ 4</b>	<b>+ 79</b>	<b>+132</b>	<b>+ 86</b>	<b>+157</b>	<b>+ 70</b>	<b>+ 75</b>	<b>+ 2</b>	<b>+ 32</b>	<b>+ 48</b>	<b>+ 60</b>

**D. BETWEEN CANADA AND THE REST OF THE STERLING AREA**

<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted).....	55	60	68	82	88	78	64	63	60	74	66	51
4	Travel expenditures .....	—	1	1	1	—	1	1	1	—	1	1	1
5	Interest and dividends .....	1	1	2	—	1	1	1	4	2	2	3	5
6	Freight and shipping.....	6	5	6	6	6	5	4	5	5	5	5	5
7	Inheritances and immigrants' funds .....	—	1	1	1	—	1	1	1	1	1	1	1
11	All other current receipts.....	—	1	1	1	1	1	2	1	2	1	2	1
12	<b>Total current receipts.....</b>	<b>62</b>	<b>69</b>	<b>79</b>	<b>91</b>	<b>96</b>	<b>87</b>	<b>73</b>	<b>75</b>	<b>70</b>	<b>84</b>	<b>78</b>	<b>64</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted).....	62	87	107	54	42	50	50	43	28	48	49	47
4	Travel expenditures .....	2	1	1	1	2	1	1	1	3	1	1	1
5	Interest and dividends.....	—	—	—	—	—	—	—	—	—	—	—	—
6	Freight and shipping.....	1	1	2	1	1	1	1	2	1	1	2	2
7	Inheritances and emigrants' funds .....	—	—	—	1	—	—	—	1	—	—	1	—
9	Official contributions .....	—	—	—	—	10	—	—	5	6	9	2	1
11	All other current payments.....	1	1	1	1	2	1	1	2	1	2	2	1
12	<b>Total current payments.....</b>	<b>66</b>	<b>90</b>	<b>111</b>	<b>58</b>	<b>57</b>	<b>53</b>	<b>53</b>	<b>54</b>	<b>39</b>	<b>61</b>	<b>57</b>	<b>52</b>
<b>C</b>	<b>Current Account Balance .....</b>	<b>- 4</b>	<b>- 21</b>	<b>- 32</b>	<b>+ 33</b>	<b>+ 39</b>	<b>+ 34</b>	<b>+ 20</b>	<b>+ 21</b>	<b>+ 31</b>	<b>+ 23</b>	<b>+ 21</b>	<b>+ 12</b>



TABLE II. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1951-1953

## E. BETWEEN CANADA AND THE UNITED KINGDOM AND OTHER STERLING AREA COUNTRIES

No.	Account	1951				1952				1953			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted) .....	167	207	257	270	246	324	233	217	179	265	260	203
4	Travel expenditures .....	1	3	4	3	1	3	5	4	1	4	5	5
5	Interest and dividends .....	3	2	4	25	3	2	3	28	4	3	5	31
6	Freight and shipping .....	22	24	32	36	29	35	31	30	21	29	29	28
7	Inheritances and immigrants' funds .....	3	4	5	5	4	8	5	6	5	7	6	5
11	All other current receipts .....	11	11	11	12	9	10	10	10	14	9	10	10
12	<b>Total Current Receipts</b> .....	<b>207</b>	<b>251</b>	<b>313</b>	<b>351</b>	<b>292</b>	<b>382</b>	<b>287</b>	<b>295</b>	<b>224</b>	<b>317</b>	<b>315</b>	<b>282</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted) .....	152	220	217	138	108	141	145	141	131	184	165	154
4	Travel expenditures .....	5	8	7	5	5	9	9	9	6	11	11	9
5	Interest and dividends .....	18	11	14	14	17	11	15	13	15	11	15	14
6	Freight and shipping .....	11	12	12	13	10	13	12	12	10	13	15	13
7	Inheritances and emigrants' funds .....	2	3	3	3	2	4	3	4	2	3	5	3
9	Official contributions .....	—	—	—	—	10	—	—	5	26	38	33	16
11	All other current payments .....	15	14	13	13	15	13	13	15	1	2	2	1
12	<b>Total Current Payments</b> .....	<b>203</b>	<b>268</b>	<b>266</b>	<b>186</b>	<b>167</b>	<b>191</b>	<b>197</b>	<b>199</b>	<b>191</b>	<b>262</b>	<b>246</b>	<b>210</b>
<b>C</b>	<b>Current Account Balance</b> .....	<b>+ 4</b>	<b>- 17</b>	<b>+ 47</b>	<b>+ 165</b>	<b>+ 125</b>	<b>+ 191</b>	<b>+ 90</b>	<b>+ 96</b>	<b>+ 33</b>	<b>+ 55</b>	<b>+ 69</b>	<b>+ 72</b>
<b>D</b>	<b>Capital Account:</b>												
	Direct Investment:												
1	Direct investment in Canada .....	+ 9	+ 6	+ 6	+ 9	+ 3	+ 3	+ 3	+ 6	+ 10	+ 7	+ 15	+ 10
2	Direct investment abroad .....	- 1	- 2	- 2	- 1	- 4	- 7	- 3	- 5	- 4	- 6	- 6	- 7
	Canadian Securities:												
3	Trade in outstanding issues .....	- 6	- 3	- 4	- 3	- 3	- 3	+ 2	+ 1	+ 5	+ 5	+ 3	+ 14
4	New issues .....	—	—	—	+ 7	—	—	—	+ 1	+ 1	+ 1	+ 1	+ 4
5	Retirements .....	- 9	- 8	- 3	- 4	- 4	- 2	- 2	- 1	- 2	- 1	- 3	- 1
	Foreign Securities:												
6	Trade in outstanding issues .....	—	—	—	—	—	+ 1	+ 1	+ 1	+ 1	—	+ 1	—
8	Retirements .....	—	—	—	+ 1	—	—	—	—	—	—	—	—
	Loans by Government of Canada:												
10	Repayment of post-war loans .....	—	—	—	+ 14	—	—	—	+ 14	—	—	—	+ 14
11	Repayment of war loans .....	+ 5	+ 14	+ 8	+ 7	+ 2	+ 6	+ 8	+ 7	+ 4	+ 7	+ 39	—
14	Change in Canadian dollar holdings of foreigners .....	- 1	+ 1	- 71	- 57	+ 5	- 2	—	- 25	+ 24	+ 13	- 57	+ 4
16	Change in official holdings of sterling (increase, minus) .....	+ 18	- 14	- 13	- 8	+ 33	+ 8	+ 2	—	+ 1	- 3	+ 2	- 4
17	Other capital movements .....	- 12	+ 20	+ 44	+ 30	- 29	- 7	- 13	- 13	+ 1	+ 3	+ 12	- 11
<b>E</b>	<b>Net Capital Movement</b> .....	<b>+ 3</b>	<b>+ 14</b>	<b>- 35</b>	<b>- 5</b>	<b>+ 3</b>	<b>- 3</b>	<b>- 2</b>	<b>- 14</b>	<b>+ 41</b>	<b>+ 26</b>	<b>+ 7</b>	<b>+ 23</b>
<b>G</b>	<b>Balance Settled by Exchange Transfers</b> .....	<b>- 7</b>	<b>+ 3</b>	<b>- 12</b>	<b>- 160</b>	<b>- 128</b>	<b>- 188</b>	<b>- 88</b>	<b>- 82</b>	<b>- 74</b>	<b>- 81</b>	<b>- 76</b>	<b>- 95</b>
	<b>Total Financing of Current Account Balance (Item C) .....</b>	<b>- 4</b>	<b>+ 17</b>	<b>- 47</b>	<b>- 165</b>	<b>- 125</b>	<b>- 191</b>	<b>- 90</b>	<b>- 96</b>	<b>- 33</b>	<b>- 55</b>	<b>- 69</b>	<b>- 72</b>

**TABLE II. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1951-1953**  
(Millions of dollars)

**F. BETWEEN CANADA AND NON-STERLING AREA OVERSEAS COUNTRIES, IMF AND IBRD**

No.	Account	1951				1952				1953			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>A</b>	<b>Current Receipts:</b>												
1	Merchandise exports (adjusted) .....	110	157	204	252	209	225	254	285	149	219	205	214
4	Travel expenditures .....	1	1	2	1	1	1	2	1	1	1	2	1
5	Interest and dividends .....	2	12	1	9	1	12	1	10	1	14	1	6
6	Freight and shipping .....	11	16	21	25	17	19	22	26	13	19	15	19
7	Inheritances and immigrants' funds .....	4	7	8	9	6	8	6	4	3	9	9	7
11	All other current receipts .....	3	3	4	3	4	5	4	5	4	6	7	6
12	<b>Total Current Receipts</b> .....	<b>131</b>	<b>196</b>	<b>240</b>	<b>299</b>	<b>238</b>	<b>270</b>	<b>289</b>	<b>331</b>	<b>171</b>	<b>268</b>	<b>239</b>	<b>253</b>
<b>B</b>	<b>Current Payments:</b>												
1	Merchandise imports (adjusted) .....	107	146	142	133	109	124	129	136	112	136	145	136
4	Travel expenditures .....	1	2	4	2	2	4	6	3	2	5	8	6
5	Interest and dividends .....	3	2	3	3	3	3	3	4	3	3	4	4
6	Freight and shipping .....	5	7	8	10	5	6	7	8	5	8	9	8
7	Inheritances and emigrants' funds .....	1	1	1	1	1	1	1	1	1	1	1	1
9	Official contributions .....	1	5	—	3	1	—	—	—	4	—	1	1
11	All other current payments .....	8	9	12	11	12	15	17	16	13	19	18	21
12	<b>Total Current Payments</b> .....	<b>126</b>	<b>172</b>	<b>170</b>	<b>163</b>	<b>133</b>	<b>153</b>	<b>163</b>	<b>168</b>	<b>140</b>	<b>172</b>	<b>186</b>	<b>177</b>
<b>C</b>	<b>Current Account Balance</b> .....	<b>+ 5</b>	<b>+ 24</b>	<b>+ 70</b>	<b>+ 136</b>	<b>+ 105</b>	<b>+ 117</b>	<b>+ 126</b>	<b>+ 163</b>	<b>+ 31</b>	<b>+ 96</b>	<b>+ 53</b>	<b>+ 76</b>
<b>D</b>	<b>Capital Account:</b>												
	Direct Investment:												
1	Direct investment in Canada .....	+ 4	+ 1	+ 2	+ 2	+ 3	+ 2	+ 3	+ 4	+ 1	+ 2	+ 1	+ 22
2	Direct investment abroad .....	- 1	- 2	- 1	- 6	- 2	- 6	- 7	- 1	- 3	- 3	—	- 1
	Canadian Securities:												
3	Trade in outstanding issues .....	+ 11	+ 10	+ 6	+ 7	+ 4	+ 2	+ 3	+ 4	+ 3	+ 8	+ 6	+ 5
4	New issues .....	—	—	—	—	—	—	—	—	+ 2	+ 1	+ 1	+ 2
5	Retirements .....	—	—	—	- 1	—	—	—	- 5	- 2	—	—	- 1
	Foreign Securities:												
6	Trade in outstanding issues .....	—	- 3	—	—	—	—	—	—	—	—	- 1	—
7	New issues .....	—	—	—	—	- 15	—	—	—	- 1	- 1	- 1	- 2
10	Repayment of post-war loans by Government of Canada .....	—	+ 7	—	+ 13	—	+ 9	—	+ 10	+ 2	+ 11	—	+ 10
14	Change in Canadian dollar holdings of foreigners .....	+ 6	+ 5	—	- 22	+ 2	- 7	+ 14	- 16	+ 7	- 3	+ 1	- 5
17	Other capital movements .....	- 4	- 3	- 5	- 1	+ 12	- 2	—	- 1	- 5	- 5	- 5	- 4
<b>E</b>	<b>Net Capital Movement</b> .....	<b>+ 16</b>	<b>+ 15</b>	<b>+ 2</b>	<b>- 8</b>	<b>+ 4</b>	<b>- 2</b>	<b>+ 13</b>	<b>- 5</b>	<b>+ 4</b>	<b>+ 10</b>	<b>+ 2</b>	<b>+ 26</b>
<b>G</b>	<b>Balance Settled by Exchange Transfers</b> .....	<b>- 21</b>	<b>- 39</b>	<b>- 72</b>	<b>- 128</b>	<b>- 109</b>	<b>- 115</b>	<b>- 139</b>	<b>- 158</b>	<b>- 35</b>	<b>- 106</b>	<b>- 55</b>	<b>- 102</b>
	<b>Total Financing of Current Account Balance (Item C)</b> .....	<b>- 5</b>	<b>- 24</b>	<b>- 70</b>	<b>- 136</b>	<b>- 105</b>	<b>- 117</b>	<b>- 126</b>	<b>- 163</b>	<b>- 31</b>	<b>- 96</b>	<b>- 53</b>	<b>- 76</b>



TABLE III. Estimate of the Canadian Balance of International Indebtedness, Selected Year Ends 1926-1953

(exclusive of short-term commercial indebtedness and blocked currencies)

(Billions of dollars)

	Detail in Tables	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953
<b>A Canadian Liabilities (Foreign Capital Invested in Canada):</b>													
Direct investments .....	V, VII, VIII	1.8	2.4	2.3	2.7	2.8	3.0	3.3	3.6	4.0	4.5	5.2	5.8
Government and municipal bonds .....	VI	1.4	1.7	1.7	1.7	1.6	1.5	1.6	1.8	2.0	2.1	2.0	2.1
Other portfolio investments .....	V	2.5	3.2	2.6	2.4	2.5	2.4	2.3	2.3	2.4	2.5	2.7	2.9
Miscellaneous investments .....		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.5 <sup>2</sup>	0.4
<b>Total non-resident long-term investment in Canada .....</b>	<b>V, VI</b>	<b>6.0</b>	<b>7.6</b>	<b>6.9</b>	<b>7.1</b>	<b>7.2</b>	<b>7.2</b>	<b>7.5</b>	<b>8.0</b>	<b>8.7</b>	<b>9.5</b>	<b>10.4</b>	<b>11.2</b>
Equity of non-residents in Canadian assets abroad .....		n/a	n/a	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5
Canadian dollar holdings of non-residents .....		n/a	n/a	0.3	0.3	0.4	0.3	0.3	0.4	0.6	0.4	0.3	0.3
Canadian short-term assets of IMF and IBRD .....		—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Gross Liabilities .....</b>		<b>6.4</b>	<b>8.0</b>	<b>7.4</b>	<b>7.6</b>	<b>7.8</b>	<b>8.1</b>	<b>8.4</b>	<b>8.9</b>	<b>9.9</b>	<b>10.6</b>	<b>11.4</b>	<b>12.3</b>
United States .....		3.5	4.9	4.5	5.4	5.7	5.7	6.0	6.4	7.1	7.9	8.6	9.2
United Kingdom .....		2.7	2.9	2.6	1.8	1.7	1.7	1.7	1.8	2.0	1.9	2.0	2.1
Other countries, IMF and IBRD .....		0.2	0.2	0.3	0.4	0.4	0.7	0.7	0.7	0.8	0.8	0.8	0.9
<b>B Canadian Assets (Canadian Capital Invested Abroad):</b>													
Direct investments .....	X	0.4	0.4	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.2	1.3	1.4
Portfolio investments .....	X	0.5	0.8	0.7	0.6	0.8	0.6	0.6	0.6	0.6	0.6	0.8 <sup>2</sup>	0.8
Government of Canada loans and advances .....	X	—	—	—	0.7	1.4	1.8	1.9	2.0	2.0	1.9	1.9	1.8
Government of Canada subscriptions to IMF and IBRD .....		—	—	—	—	—	0.4	0.4	0.4	0.4	0.4	0.4	0.4
<b>Total Canadian long-term investments abroad .....</b>		<b>0.9</b>	<b>1.3</b>	<b>1.4</b>	<b>2.0</b>	<b>2.7</b>	<b>3.6</b>	<b>3.6</b>	<b>4.0</b>	<b>4.0</b>	<b>4.1</b>	<b>4.4</b>	<b>4.4</b>
Government of Canada holdings of gold and foreign exchange .....	IV	n/a	n/a	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8
Other Canadian short-term assets abroad .....		n/a	n/a	—	0.1	—	—	—	0.1	0.1	0.1	0.3	0.4
<b>Gross Assets .....</b>		<b>1.3</b>	<b>1.5</b>	<b>1.9</b>	<b>3.8</b>	<b>4.0</b>	<b>4.1</b>	<b>4.7</b>	<b>5.2</b>	<b>5.9</b>	<b>6.0</b>	<b>6.5</b>	<b>6.6</b>
Government of Canada holdings of gold and foreign exchange ..		—	—	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8
United States <sup>1</sup> .....		0.7	0.9	0.9	0.9	0.8	0.8	0.8	1.1	1.1	1.4	1.8	1.9
United Kingdom <sup>1</sup> .....		0.1	0.1	0.1	0.7	1.2	1.5	1.5	1.6	1.6	1.5	1.6	1.5
Other countries, IMF and IBRD .....		0.5	0.5	0.4	0.5	0.7	1.3	1.4	1.3	1.3	1.3	1.3	1.3
<b>Canadian Net International Indebtedness:</b>													
<b>Net Liabilities .....</b>		<b>5.1</b>	<b>6.5</b>	<b>5.5</b>	<b>3.9</b>	<b>3.8</b>	<b>4.0</b>	<b>3.7</b>	<b>3.7</b>	<b>4.0</b>	<b>4.6</b>	<b>4.9</b>	<b>5.7</b>
Government of Canada holdings of gold and foreign exchange ...		—	—	-0.5	-1.7	-1.3	-0.5	-1.0	-1.2	-1.9	-1.8	-1.8	-1.8
United States <sup>1</sup> .....		2.8	4.0	3.6	4.6	4.9	4.9	5.2	5.3	6.0	6.5	6.8	7.3
United Kingdom <sup>1</sup> .....		2.8	2.8	2.5	1.1	0.5	0.2	0.2	0.2	0.4	0.4	0.4	0.6
Other countries, IMF and IBRD .....		-0.3	-0.3	-0.1	-0.1	-0.3	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4

N.B. As above figures are rounded, totals do not necessarily equal the sum of their component parts.

1. Exclusive of Government of Canada holdings of gold and foreign exchange.

2. New series.

TABLE IV. Canada's Official Holdings of Gold and United States Dollars<sup>1</sup>, 1950-1953

(Millions of U.S. dollars)

At end of	1950	1951	1952	1953
March .....	1,192.2	1,653.4	1,787.2	1,845.3
June .....	1,255.4	1,683.0	1,827.7	1,750.1
September .....	1,789.6	1,610.1	1,855.6	1,787.3
December .....	1,741.5	1,778.6	1,860.2	1,818.5

1. Gold, United States exchange and short-term securities of the United States Government held by the Exchange Fund Account, the Bank of Canada, and other Government of Canada Accounts.

TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952

Classification by Types of Security and Nature of National Ownership

## A. Total Non-resident Ownership of Long-Term Investment in Canada

(Millions of dollars)

	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>By Type of Assets</b>											
Bonds and Debentures:											
Government and municipal <sup>1</sup> .....	1,434	1,706	1,703	1,662	1,611	1,528	1,599	1,755	1,962	2,103	2,025
Steam railways .....	1,276	1,481	1,209	843	805	802	793	727	708	676	644
Other corporations .....	528	796	592	561	620	529	532	572	627	674	891
Sub-total .....	3,238	3,983	3,504	3,066	3,036	2,859	2,924	3,054	3,297	3,453	3,560
Capital stock of Canadian companies .....	2,142	2,856	2,690	3,194	3,299	3,438	3,671	3,914	4,218	4,739	5,173
Other corporation assets <sup>2</sup> .....	363	480	434	548	561	601	613	690	826	951	1,164
Miscellaneous investments .....	260	295	285	284	282	290	298	302	320	328	455 <sup>4</sup>
<b>Total Non-resident Investments</b> .....	<b>6,003</b>	<b>7,614</b>	<b>6,913</b>	<b>7,092</b>	<b>7,178</b>	<b>7,188</b>	<b>7,506</b>	<b>7,960</b>	<b>8,661</b>	<b>9,471</b>	<b>10,352</b>
<b>By Nature of National Ownership</b>											
<b>I. Direct Investments (controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways .....	47	52	49	46	38	37	37	37	34	36	36
Other corporations .....	211	357	322	281	306	297	296	336	348	346	484
Sub-total .....	258	409	371	327	344	334	333	373	382	382	520
Capital stock of Canadian companies .....	1,166	1,543	1,502	1,860	1,943	2,076	2,344	2,541	2,784	3,206	3,542
Other corporation assets <sup>2</sup> .....	358	475	423	526	539	576	593	672	809	933	1,135
<b>Total Direct Investments</b> .....	<b>1,782</b>	<b>2,427</b>	<b>2,296</b>	<b>2,713</b>	<b>2,826</b>	<b>2,986</b>	<b>3,270</b>	<b>3,586</b>	<b>3,975</b>	<b>4,521</b>	<b>5,197</b>
<b>II. Government and Municipal Bonds<sup>1</sup></b> .....	<b>1,434</b>	<b>1,706</b>	<b>1,703</b>	<b>1,662</b>	<b>1,611</b>	<b>1,528</b>	<b>1,599</b>	<b>1,755</b>	<b>1,962</b>	<b>2,103</b>	<b>2,025</b>
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways — controlled in Canada .....	1,227	1,427	1,158	795	765	763	754	688	672	637	605
— controlled in other countries .....	2	2	2	2	2	2	2	2	2	3	3
Other corporations — controlled in Canada .....	305	421	265	220	256	176	178	168	214	239	298
— controlled in other countries .....	12	18	5	60	58	56	58	68	65	89	109
Sub-total .....	1,546	1,868	1,430	1,077	1,081	997	992	926	953	968	1,015
Capital stock of Canadian companies:											
Companies controlled in Canada .....	936	1,233	1,105	1,249	1,269	1,274	1,234	1,275	1,326	1,416	1,495
Companies controlled in other countries .....	40	80	83	85	87	88	93	98	108	117	136
Other corporation assets <sup>2</sup> :											
Companies controlled in Canada .....	5	5	9	16	14	15	13	14	14	11	21
Companies controlled in other countries .....	—	—	2	6	8	10	7	4	3	7	8
<b>Total Other Portfolio Investments</b> .....	<b>2,527</b>	<b>3,186</b>	<b>2,629</b>	<b>2,433</b>	<b>2,459</b>	<b>2,384</b>	<b>2,339</b>	<b>2,317</b>	<b>2,404</b>	<b>2,519</b>	<b>2,675</b>
<b>IV. Miscellaneous Investments:</b>											
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	260	295	285	284	282	290	298	302	320	328	455 <sup>4</sup>
<b>SUMMARY</b>											
I. Direct Investments .....	1,782	2,427	2,296	2,713	2,826	2,986	3,270	3,586	3,975	4,521	5,197
II. Government and municipal bonds .....	1,434	1,706	1,703	1,662	1,611	1,528	1,599	1,755	1,962	2,103	2,025
III. Other portfolio investments .....	2,527	3,186	2,629	2,433	2,459	2,384	2,339	2,317	2,404	2,519	2,675
IV. Miscellaneous investments .....	260	295	285	284	282	290	298	302	320	328	455 <sup>4</sup>
<b>Total Non-resident Investments</b> .....	<b>6,003</b>	<b>7,614</b>	<b>6,913</b>	<b>7,092</b>	<b>7,178</b>	<b>7,188</b>	<b>7,506</b>	<b>7,960</b>	<b>8,661</b>	<b>9,471</b>	<b>10,352</b>



TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952

Classification by Types of Security and Nature of National Ownership

B. Long-Term Investments in Canada owned by residents of the United States<sup>3</sup>

(Millions of dollars)

	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>By Type of Assets</b>											
Bonds and Debentures:											
Government and municipal <sup>1</sup> .....	909	1,205	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,826
Steam railways .....	362	598	434	495	458	453	445	380	366	335	305
Other corporations .....	338	600	440	414	485	417	422	452	505	542	741
Sub-total .....	1,609	2,403	2,095	2,359	2,381	2,257	2,334	2,366	2,617	2,775	2,872
Capital stock of Canadian companies .....	1,283	1,832	1,656	2,088	2,206	2,335	2,606	2,796	3,044	3,477	3,825
Other corporation assets <sup>2</sup> .....	219	331	295	413	430	453	463	573	697	812	1,022
Miscellaneous investments .....	85	94	105	130	140	155	163	170	190	195	257 <sup>4</sup>
Total United States Investments .....	3,196	4,660	4,151	4,990	5,157	5,200	5,566	5,905	6,548	7,259	7,976
<b>By Nature of National Ownership</b>											
<b>I. Direct Investments (controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways .....	36	42	41	38	30	29	29	29	29	29	29
Other corporations .....	152	294	265	254	290	277	280	310	321	319	460
Sub-total .....	188	336	306	292	320	306	309	339	350	348	489
Capital stock of Canadian companies .....	1,000	1,330	1,289	1,613	1,691	1,804	2,052	2,200	2,394	2,751	3,018
Other corporation assets <sup>2</sup> .....	215	327	286	399	417	438	446	556	682	798	997
Total Direct Investments .....	1,403	1,993	1,881	2,304	2,428	2,548	2,807	3,095	3,426	3,897	4,504
II. Government and Municipal Bonds <sup>1</sup> .....	909	1,205	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,826
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways — controlled in Canada .....	326	556	393	457	428	424	416	351	337	306	276
— controlled in other countries .....	—	—	—	—	—	—	—	—	—	—	—
Other corporations — controlled in Canada .....	185	301	173	158	195	140	141	133	175	214	273
— controlled in other countries .....	1	5	2	2	—	—	1	9	9	9	8
Sub-total .....	512	862	568	617	623	564	558	493	521	529	557
Capital stock of Canadian companies:											
Companies controlled in Canada .....	272	484	354	462	500	518	540	580	635	708	782
Companies controlled in other countries .....	11	18	13	13	15	13	14	16	15	18	25
Other corporation assets <sup>2</sup> :											
Companies controlled in Canada .....	4	4	8	13	12	13	13	14	13	10	20
Companies controlled in other countries .....	—	—	1	1	1	2	4	3	2	4	5
Total Other Portfolio Investments .....	799	1,368	944	1,106	1,151	1,110	1,129	1,106	1,186	1,269	1,389
IV. Miscellaneous Investments:											
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	85	94	105	130	140	155	163	170	190	195	257 <sup>4</sup>
<b>SUMMARY</b>											
I. Direct Investments .....	1,403	1,993	1,881	2,304	2,428	2,548	2,807	3,095	3,426	3,897	4,504
II. Government and municipal bonds .....	909	1,205	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,826
III. Other portfolio investments .....	799	1,368	944	1,106	1,151	1,110	1,129	1,106	1,186	1,269	1,389
IV. Miscellaneous investments .....	85	94	105	130	140	155	163	170	190	195	257 <sup>4</sup>
Total United States Investments .....	3,196	4,660	4,151	4,990	5,157	5,200	5,566	5,905	6,548	7,259	7,976

TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952

Classification by Types of Security and Nature of National Ownership

C. Long-Term Investments in Canada owned by residents of the United Kingdom<sup>3</sup>

(Millions of dollars)

	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>By Type of Assets</b>											
Bonds and Debentures:											
Government and municipal <sup>1</sup> .....	510	486	453	157	115	90	81	171	163	146	142
Steam railways .....	898	862	746	316	315	316	316	315	310	309	307
Other corporations .....	166	171	126	116	107	83	84	92	94	104	123
Sub-total .....	1,574	1,519	1,325	589	537	489	481	578	567	559	572
Capital stock of Canadian companies .....	788	942	909	973	959	971	931	972	1,011	1,042	1,096
Other corporation assets <sup>2</sup> .....	130	134	122	103	97	115	127	98	105	110	104
Miscellaneous investments .....	145	171	120	85	75	70	69	67	65	65	114 <sup>4</sup>
Total United Kingdom Investments .....	2,637	2,766	2,476	1,750	1,668	1,645	1,608	1,715	1,748	1,776	1,886
<b>By Nature of National Ownership</b>											
<b>I. Direct Investments (controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways .....	11	10	8	8	8	8	8	8	5	7	7
Other corporations .....	41	49	44	13	5	6	5	13	13	13	11
Sub-total .....	52	59	52	21	13	14	13	21	18	20	18
Capital stock of Canadian companies .....	154	200	194	226	228	247	263	309	346	369	422
Other corporation assets <sup>2</sup> .....	130	133	120	101	94	111	124	98	104	108	102
Total Direct Investments .....	336	392	366	348	335	372	400	428	468	497	542
II. Government and Municipal Bonds <sup>1</sup> .....	510	486	453	157	115	90	81	171	163	146	142
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways—controlled in Canada .....	885	850	736	306	305	306	306	305	303	299	297
—controlled in other countries .....	2	2	2	2	2	2	2	2	2	3	3
Other corporations—controlled in Canada .....	119	116	80	46	45	22	23	22	25	11	11
—controlled in other countries .....	6	6	2	57	57	55	56	57	56	80	101
Sub-total .....	1,012	974	820	411	409	385	387	386	386	393	412
Capital stock of Canadian companies:											
Companies controlled in Canada .....	608	685	660	691	675	664	604	599	594	600	595
Companies controlled in other countries .....	26	57	55	56	56	60	64	64	71	73	79
Other corporation assets <sup>2</sup> :											
Companies controlled in Canada .....	—	1	1	2	1	1	—	—	1	1	1
Companies controlled in other countries .....	—	—	1	—	2	3	3	—	—	1	1
Total Other Portfolio Investments .....	1,646	1,717	1,537	1,160	1,143	1,113	1,058	1,049	1,052	1,068	1,088
<b>IV. Miscellaneous Investments:</b>											
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	145	171	120	85	75	70	69	67	65	65	114 <sup>4</sup>
<b>SUMMARY</b>											
I. Direct Investments .....	336	392	366	348	335	372	400	428	468	497	542
II. Government and municipal bonds .....	510	486	453	157	115	90	81	171	163	146	142
III. Other portfolio investments .....	1,646	1,717	1,537	1,160	1,143	1,113	1,058	1,049	1,052	1,068	1,088
IV. Miscellaneous investments .....	145	171	120	85	75	70	69	67	65	65	114 <sup>4</sup>
Total United Kingdom Investments .....	2,637	2,766	2,476	1,750	1,668	1,645	1,608	1,715	1,748	1,776	1,886



TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952

Classification by Types of Security and Nature of National Ownership

## D. Long-Term Investments in Canada owned by residents of All Other Countries

(Millions of dollars)

	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>By Type of Assets</b>											
Bonds and Debentures:											
Government and municipal <sup>1</sup> .....	15	15	29	55	58	51	51	50	53	59	57
Steam railways .....	16	21	29	32	32	33	32	32	32	32	32
Other corporations .....	24	25	26	31	28	29	26	28	28	28	27
Sub-total .....	55	61	84	118	118	113	109	110	113	119	116
Capital stock of Canadian companies .....	71	82	125	133	134	132	134	146	163	220	252
Other corporation assets <sup>2</sup> .....	14	15	17	32	34	33	23	19	24	29	38
Miscellaneous investments .....	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>
Total Investments .....	170	188	288	352	353	343	332	340	365	436	490
<b>By Nature of National Ownership</b>											
<b>I. Direct Investments (controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways .....	—	—	—	—	—	—	—	—	—	—	—
Other corporations .....	18	14	13	14	11	14	11	13	14	14	13
Sub-total .....	18	14	13	14	11	14	11	13	14	14	13
Capital stock of Canadian companies .....	12	13	19	21	24	25	29	32	44	86	102
Other corporation assets <sup>2</sup> .....	13	15	17	26	28	27	23	18	23	27	36
Total Direct Investments .....	43	42	49	61	63	66	63	63	81	127	151
II. Government and Municipal Bonds <sup>1</sup> .....	15	15	29	55	58	51	51	50	53	59	57
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>											
Bonds and Debentures:											
Steam railways—controlled in Canada .....	16	21	29	32	32	33	32	32	32	32	32
—controlled in other countries .....	—	—	—	—	—	—	—	—	—	—	—
Other corporations—controlled in Canada .....	1	4	12	16	16	14	14	13	14	14	14
—controlled in other countries .....	5	7	1	1	1	1	1	2	—	—	—
Sub-total .....	22	32	42	49	49	48	47	47	46	46	46
Capital stock of Canadian companies:											
Companies controlled in Canada .....	56	64	91	96	94	92	90	96	97	108	118
Companies controlled in other countries .....	3	5	15	16	16	15	15	18	22	26	32
Other corporation assets <sup>2</sup> :											
Companies controlled in Canada .....	1	—	—	1	1	1	—	—	—	—	—
Companies controlled in other countries .....	—	—	—	5	5	5	—	1	1	2	2
Total Other Portfolio Investments .....	82	101	148	167	165	161	152	162	166	182	198
<b>IV. Miscellaneous Investments:</b>											
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>
<b>SUMMARY</b>											
I. Direct Investments .....	43	42	49	61	63	66	63	63	81	127	151
II. Government and municipal bonds .....	15	15	29	55	58	51	51	50	53	59	57
III. Other portfolio investments .....	82	101	148	167	165	161	152	162	166	182	198
IV. Miscellaneous investments .....	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>
Total Investments .....	170	188	286	352	353	343	332	340	365	436	490

1. For division of Government of Canada, provincial and municipal, see Table VI.

2. Includes net assets of unincorporated branches and other long-term investments.

3. Includes some investments held by nominees for residents of other countries.

4. New series.

TABLE VI. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952

Classification by Types of Investment

## A. Total Non-Resident Long-Term Investment in Canada Owned by all Non-Residents

(Millions of dollars)

Type of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
Government securities:											
Dominion .....	638	682	823	726	750	713	823	975	1,141	1,013	858
Provincial .....	422	592	536	624	594	551	528	534	565	771	822
Municipal .....	374	432	344	312	267	264	248	246	256	319	345
Sub-total .....	1,434	1,706	1,703	1,662	1,611	1,528	1,599	1,755	1,962	2,103	2,025
Public utilities:											
Railways .....	1,938	2,244	1,871	1,599	1,583	1,586	1,504	1,445	1,446	1,436	1,429
Other .....	395	634	549	494	557	473	468	494	547	575	636
Sub-total .....	2,333	2,878	2,420	2,093	2,140	2,059	1,972	1,939	1,993	2,011	2,065
Manufacturing .....	1,198	1,573	1,445	1,829	1,895	2,029	2,317	2,539	2,754	3,115	3,529
Mining and smelting .....	219	334	329	403	386	396	424	494	631	815	1,072
Merchandising .....	150	203	189	226	238	262	277	300	330	388	436
Financial institutions .....	344	543	473	525	557	553	541	548	573	591	638
Other enterprises .....	65	82	69	70	69	71	78	83	98	120	132
Miscellaneous assets .....	260	295	285	284	282	290	298	302	320	328	455 <sup>1</sup>
Total Investment .....	6,003	7,614	6,913	7,092	7,178	7,188	7,506	7,960	8,661	9,471	10,352

## B. Long-Term Investments in Canada Owned by Residents of the United States

(Millions of dollars)

Type of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
Government securities:											
Dominion .....	382	440	567	682	701	665	775	844	1,009	887	737
Provincial .....	342	517	473	574	554	515	494	492	525	732	782
Municipal .....	185	248	181	194	183	207	198	198	212	279	307
Sub-total .....	909	1,205	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,826
Public utilities:											
Railways .....	510	832	588	720	717	724	718	664	675	656	644
Other .....	290	522	432	375	441	372	372	399	448	490	547
Sub-total .....	800	1,354	1,020	1,095	1,158	1,096	1,090	1,063	1,123	1,146	1,191
Manufacturing .....	953	1,287	1,160	1,482	1,554	1,676	1,936	2,099	2,260	2,568	2,912
Mining and smelting .....	185	255	251	322	311	324	347	416	549	723	972
Merchandising .....	99	138	129	164	173	185	194	211	230	270	307
Financial institutions .....	125	251	201	285	321	312	297	338	362	353	395
Other enterprises .....	60	76	64	62	62	65	72	74	88	106	116
Miscellaneous assets .....	85	94	105	130	140	155	163	170	190	195	257 <sup>1</sup>
Total Investment .....	3,196	4,660	4,151	4,990	5,157	5,200	5,566	5,905	6,548	7,259	7,976



**TABLE VI. Foreign Capital Invested in Canada, Selected Year Ends 1926-1952**  
Classification by Types of Investment

**C. Long-Term Investments in Canada Owned by Residents of the United Kingdom**  
(Millions of dollars)

Type of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>Government securities:</b>											
Dominion .....	250	235	238	—	—	—	—	84	82	70	68
Provincial .....	73	69	58	45	37	35	33	41	39	38	38
Municipal .....	187	182	157	112	78	55	48	46	42	38	36
Sub-total .....	510	486	453	157	115	90	81	171	163	146	142
<b>Public utilities:</b>											
Railways .....	1,371	1,352	1,216	806	795	792	724	716	707	704	699
Other .....	97	100	89	90	85	72	69	66	69	56	55
Sub-total .....	1,468	1,452	1,305	896	880	864	793	782	776	760	754
Manufacturing .....	234	274	257	301	295	307	340	396	444	490	552
Mining and smelting .....	51	74	61	62	56	52	56	54	55	60	61
Merchandising .....	49	61	55	57	60	71	76	83	90	103	111
Financial institutions .....	176	243	221	186	182	186	188	155	147	142	140
Other enterprises .....	4	5	4	6	5	5	5	7	8	10	12
Miscellaneous assets .....	145	171	120	85	75	70	69	67	65	65	114 <sup>1</sup>
<b>Total Investment .....</b>	<b>2,637</b>	<b>2,766</b>	<b>2,476</b>	<b>1,750</b>	<b>1,668</b>	<b>1,645</b>	<b>1,608</b>	<b>1,715</b>	<b>1,748</b>	<b>1,776</b>	<b>1,886</b>

**D. Long-Term Investments in Canada Owned by Residents of all Other Countries**  
(Millions of dollars)

Type of Investment	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>Government securities:</b>											
Dominion .....	6	7	18	44	49	48	48	47	50	56	53
Provincial .....	7	6	5	5	3	1	1	1	1	1	2
Municipal .....	2	2	6	6	6	2	2	2	2	2	2
Sub-total .....	15	15	29	55	58	51	51	50	53	59	57
<b>Public utilities:</b>											
Railways .....	57	60	67	73	71	70	62	65	64	76	86
Other .....	8	12	28	29	31	29	27	29	30	29	34
Sub-total .....	65	72	95	102	102	99	89	94	94	105	120
Manufacturing .....	11	12	28	46	46	46	41	44	50	57	65
Mining and smelting .....	3	5	17	19	19	20	21	24	27	32	39
Merchandising .....	2	4	5	5	5	6	7	6	10	15	18
Financial institutions .....	43	49	51	54	54	55	56	55	64	96	103
Other enterprises .....	1	1	1	2	2	1	1	2	2	4	4
Miscellaneous assets .....	30	30	60	69	67	65	66	65	65	68	84 <sup>1</sup>
<b>Total Investment .....</b>	<b>170</b>	<b>188</b>	<b>286</b>	<b>352</b>	<b>353</b>	<b>343</b>	<b>332</b>	<b>340</b>	<b>365</b>	<b>436</b>	<b>490</b>

Common and preference stocks are included at book (equity) values as shown in the balance sheets of the issuing companies, bonds and debentures are valued at par, liabilities in foreign currencies being converted into Canadian dollars at the original par of exchange.

Investments in Canadian companies have been classified according to principal activities in Canada. Investments in exploration and development of petroleum by companies engaged in refining and production of petroleum products are therefore included in the manufacturing group.

Investments in Canada shown as owned by residents of the United States and the United Kingdom include some investments held for residents of other countries.

1. New series.

**TABLE VII. United States Direct Investments<sup>1</sup> in all Canadian Businesses, Selected Year Ends 1926-1952**

Classification by Types of Business

(Millions of dollars)

Type of Business	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>Manufacturing:</b>											
Vegetable products .....	69	94	96	140	146	155	179	182	193	214	235
Animal products .....	18	38	47	44	42	46	49	55	58	60	68
Textiles .....	18	20	20	28	29	32	35	38	42	46	46
Wood and paper products .....	256	334	281	316	350	383	427	441	446	454	501
Iron and products .....	180	199	188	272	283	312	346	378	420	452	524
Non-ferrous metals .....	83	113	130	203	208	225	250	270	311	362	470
Non-metallic minerals <sup>2</sup> .....	109	126	112	133	138	152	229	279	307	428	470
Chemicals and allied products .....	60	86	88	118	134	147	167	185	194	219	246
Miscellaneous manufactures .....	25	31	22	31	36	41	47	52	53	56	59
<b>Total .....</b>	<b>818</b>	<b>1,041</b>	<b>984</b>	<b>1,285</b>	<b>1,366</b>	<b>1,493</b>	<b>1,729</b>	<b>1,880</b>	<b>2,024</b>	<b>2,291</b>	<b>2,619</b>
Mining and smelting <sup>2</sup> .....	141	210	198	255	245	254	275	331	453	603	821
Utilities .....	249	423	399	359	366	345	347	375	379	392	371
Merchandising .....	89	122	119	153	165	175	183	199	219	259	296
Financial institutions .....	58	136	126	198	232	222	208	241	267	253	289
Other enterprises .....	48	61	55	54	54	59	65	69	84	99	108
<b>Total, All Companies .....</b>	<b>1,403</b>	<b>1,993</b>	<b>1,881</b>	<b>2,304</b>	<b>2,428</b>	<b>2,548</b>	<b>2,807</b>	<b>3,095</b>	<b>3,426</b>	<b>3,897</b>	<b>4,504</b>

1. Direct investment covers investment in branches, subsidiaries and controlled companies; the figures are a part of the totals in Tables VB and VIB.

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.

**TABLE VIII. United Kingdom Direct Investments<sup>1</sup> in all Canadian Businesses, Selected Year Ends 1939-1952**

Classification by Types of Business

(Millions of Dollars)

Type of Business	1939	1945	1946	1947	1948	1949	1950	1951	1952
<b>Manufacturing:</b>									
Vegetable products .....	61	60	60	68	69	68	74	74	78
Animal products .....	2	3	2	3	2	3	3	3	4
Textiles .....	18	26	27	30	33	30	36	38	39
Wood and paper products .....	38	30	31	33	32	88	92	109	111
Iron and products .....	4	4	4	5	7	7	20	14	15
Non-ferrous metals .....	6	8	6	5	7	8	9	10	8
Non-metallic minerals .....	3	4	4	6	15	15	19	17	25
Chemicals and allied products .....	21	19	19	21	25	26	28	30	36
Miscellaneous manufactures .....	2	2	2	2	3	5	7	12	26
<b>Total .....</b>	<b>153</b>	<b>156</b>	<b>155</b>	<b>173</b>	<b>193</b>	<b>250</b>	<b>288</b>	<b>307</b>	<b>342</b>
Mining and smelting .....	29	22	19	18	19	17	19	19	18
Utilities .....	15	16	16	18	18	17	16	16	16
Merchandising .....	46	51	55	67	70	76	84	98	106
Financial institutions .....	120	98	85	92	95	61	54	48	49
Other enterprises .....	3	5	5	4	5	7	7	9	11
<b>Total, All Companies .....</b>	<b>366</b>	<b>348</b>	<b>335</b>	<b>372</b>	<b>400</b>	<b>428</b>	<b>468</b>	<b>497</b>	<b>542</b>

1. Direct investment covers investment in branches, subsidiaries and controlled companies; the figures are a part of the totals in Tables VC and VIC.

2. Less than \$500,000.



TABLE IX. Number of Canadian Concerns Controlled Abroad<sup>1</sup>, End of 1952

Classification by Countries of Ownership and Types of Business

Type of Business	Controlled in United States			Controlled in United Kingdom			Controlled in Other Countries		
	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number
<b>Manufacturing:</b>									
Vegetable products .....	109	5	114	52	2	54	3	—	3
Animal products .....	53	1	54	3	1	4	3	—	3
Textiles .....	67	1	68	23	2	25	5	—	5
Wood and paper products .....	143	10	153	26	1	27	4	—	4
Iron and products .....	289	20	309	39	—	39	5	—	5
Non-ferrous metals .....	170	8	178	15	1	16	6	—	6
Non-metallic minerals .....	71	4	75	20	—	20	—	—	—
Chemicals and allied products .....	262	34	296	36	3	39	7	1	8
Miscellaneous manufactures .....	78	7	85	12	—	12	2	—	2
<b>Total .....</b>	<b>1,242</b>	<b>90</b>	<b>1,332</b>	<b>226</b>	<b>10</b>	<b>236</b>	<b>35</b>	<b>1</b>	<b>36</b>
<b>Mining and smelting .....</b>	<b>157</b>	<b>84</b>	<b>241</b>	<b>17</b>	<b>2</b>	<b>19</b>	<b>8</b>	<b>—</b>	<b>8</b>
<b>Utilities:</b>									
Railways .....	8	2	10	4	—	4	—	—	—
Other utilities .....	96	17	113	12	3	15	10	—	10
<b>Merchandising .....</b>	<b>547</b>	<b>76</b>	<b>623</b>	<b>229</b>	<b>30</b>	<b>259</b>	<b>51</b>	<b>2</b>	<b>53</b>
<b>Financial institutions:</b>									
Insurance .....	13	178	189	25	85	110	1	30	31
Investment trusts .....	12	—	12	7	—	7	5	—	5
Other financial institutions .....	78	16	94	24	6	30	28	—	28
<b>Other enterprises .....</b>	<b>242</b>	<b>59</b>	<b>301</b>	<b>29</b>	<b>4</b>	<b>33</b>	<b>21</b>	<b>—</b>	<b>21</b>
<b>Total, All Companies<sup>2</sup> .....</b>	<b>2,395</b>	<b>520</b>	<b>2,915</b>	<b>573</b>	<b>140</b>	<b>713</b>	<b>159</b>	<b>33</b>	<b>192</b>

1. The book value of all investments in these companies by residents of the country in which control lies is shown as direct investment in preceding tables.

2. Includes wholly-owned subsidiaries of Canadian Companies controlled in the U.S. 392; in the U.K. 138; in other countries 10.

TABLE X. Canadian Long-Term Investments Abroad<sup>1</sup>, Selected Year Ends 1939-1952

(Millions of dollars)

Location and Year	Direct Investment in Branches, Subsidiaries and Controlled Companies					Portfolio Investments in Foreign Securities			Government of Canada Credits	Total
	Railways and Utilities	Industrial and Commercial	Mining and Petroleum	Other Concerns	Total Direct Investment	Stocks	Bonds	Total Portfolio Investment		
<b>In All Countries:</b>										
1939 .....	249	289	123	10	671	511	208	719	31	1,421
1945 .....	239	337	138	6	720	454	167	621	707	2,048
1947 .....	246	414	155	7	822	426	153	579	1,816	3,217
1949 .....	276	553	91	6	926	477	161	638	2,000	3,564
1951 .....	320	723	117	6	1,166	467	142	609	1,922	3,691
1952 .....	326	771	163	9	1,269	669	164	833	1,866	3,968
<b>In the United States:</b>										
1939 .....	211	176	21	4	412	380	121	501	—	913
1945 .....	212	214	25	4	455	317	92	409	—	864
1947 .....	217	272	37	5	531	283	83	366	—	897
1949 .....	247	413	58	3	721	345	98	443	—	1,164
1951 .....	288	549	71	4	912	289	87	376	—	1,282
1952 .....	293	572	95	6	966	450 <sup>4</sup>	89	539	—	1,505
<b>In the United Kingdom:</b>										
1939 .....	2	53	—	6	59	22	21	43	—	102
1945 .....	2	53	—	1	54	26	27	53	561	668
1947 .....	2	64	—	2	64	26	26	52	1,331	1,447
1949 .....	2	58	—	1	59	21	19	40	1,434	1,533
1951 .....	1	73	—	2	74	17	17	34	1,394	1,502
1952 .....	1	80	—	2	81	17	14	31	1,357	1,469
<b>In Other British Countries<sup>3</sup>:</b>										
1939 .....	7	30	17	2	54	7	15	22	—	76
1945 .....	7	34	28	2	69	7	12	19	—	88
1947 .....	8	47	30	2	85	7	11	18	—	103
1949 .....	6	51	19	2	76	6	8	14	—	90
1951 .....	7	61	20	2	88	6	8	14	—	102
1952 .....	7	70	35	2	112	6	8	14	—	126
<b>In Other Foreign Countries:</b>										
1939 .....	31	30	85	—	146	102	51	153	31	330
1945 .....	20	36	85	1	142	104	36	140	146	426
1947 .....	21	31	88	2	142	110	33	143	485	770
1949 .....	23	31	14	2	70	105	36	141	566	777
1951 .....	25	39	25	3	92	155	30	185	528	805
1952 .....	25	49	33	3	110	196	53	249	509	868

1. Excluding investments of insurance companies and banks, and subscriptions by the Government of Canada to IMF and IBRD.

2. Amounts are less than \$500,000.

3. Including investments in Newfoundland prior to 1949.

4. New series not strictly comparable with earlier years.













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