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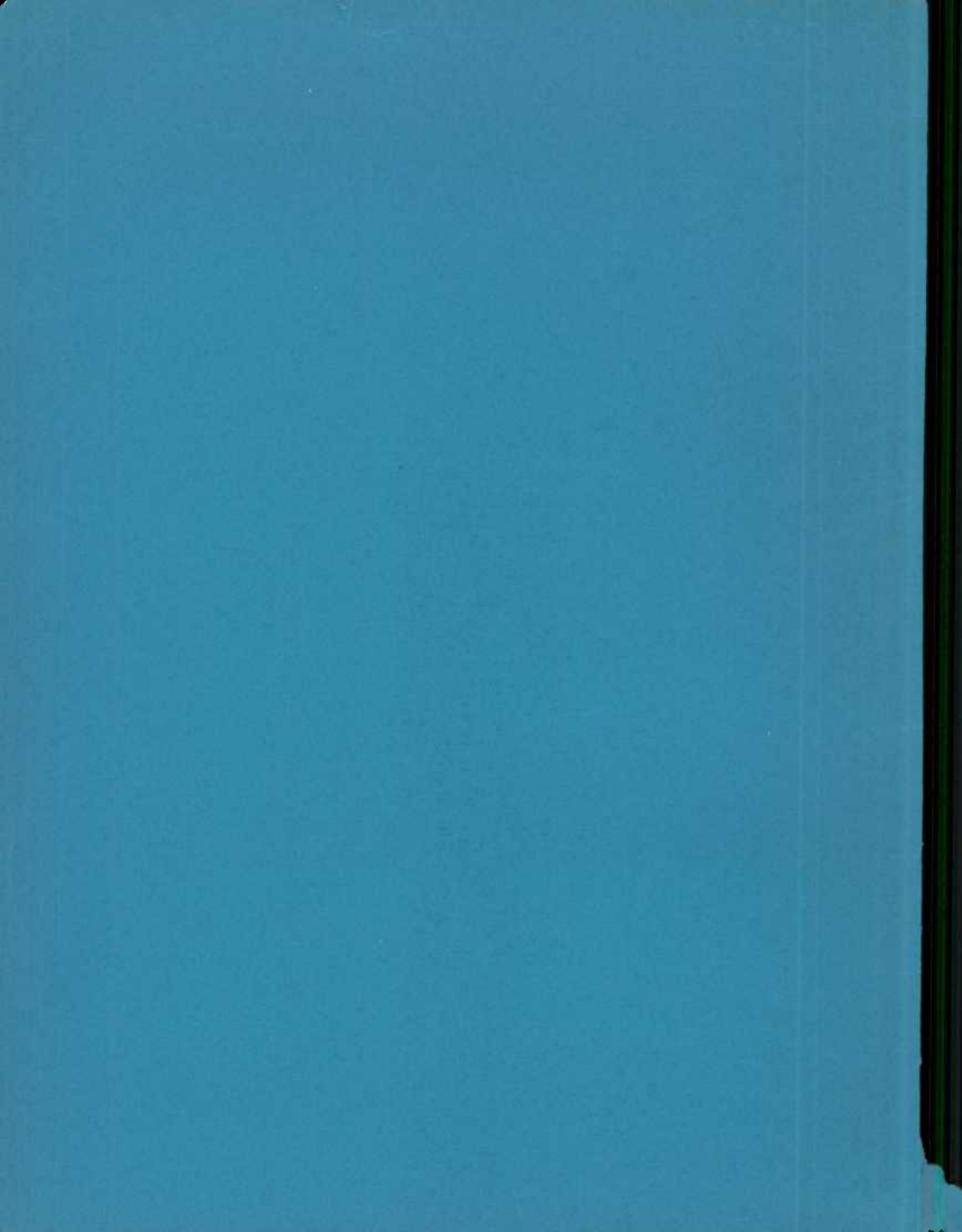


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CANADA'S INTERNATIONAL  
INVESTMENT POSITION  
1926 - 1954

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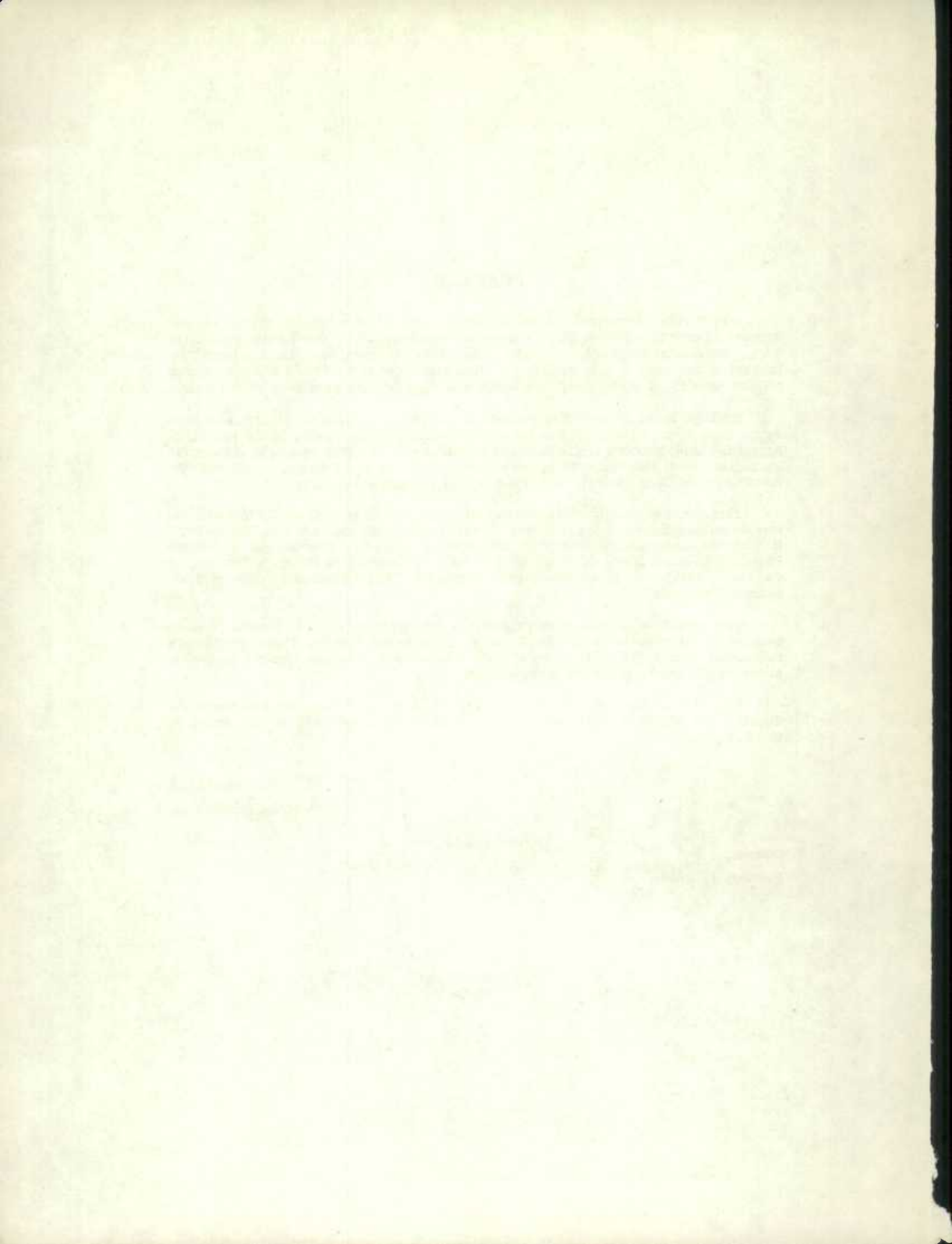
Balance of Payments Section

CANADA'S INTERNATIONAL INVESTMENT POSITION

1926 - 1954

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The Honourable Gordon Churchill, Minister of Trade and Commerce



## PREFACE

Investments of external capital in Canada have for long been of special interest because of their prominence. And the large inflows of capital in recent years which have been particularly important in certain areas of development have again widened the interest in this subject. Official data were first assembled in the 1920's following earlier private studies of investments in Canada and Canada's position as a debtor nation.

Besides showing some of the effects of capital movements the records of investments have been indispensable to the measurement of vital elements in the balance of payments such as income remittances and capital movements. The data have also served as background to such subjects as the ownership, control, and financing of industry, the distribution of Canadian debt, and the financing of capital formation.

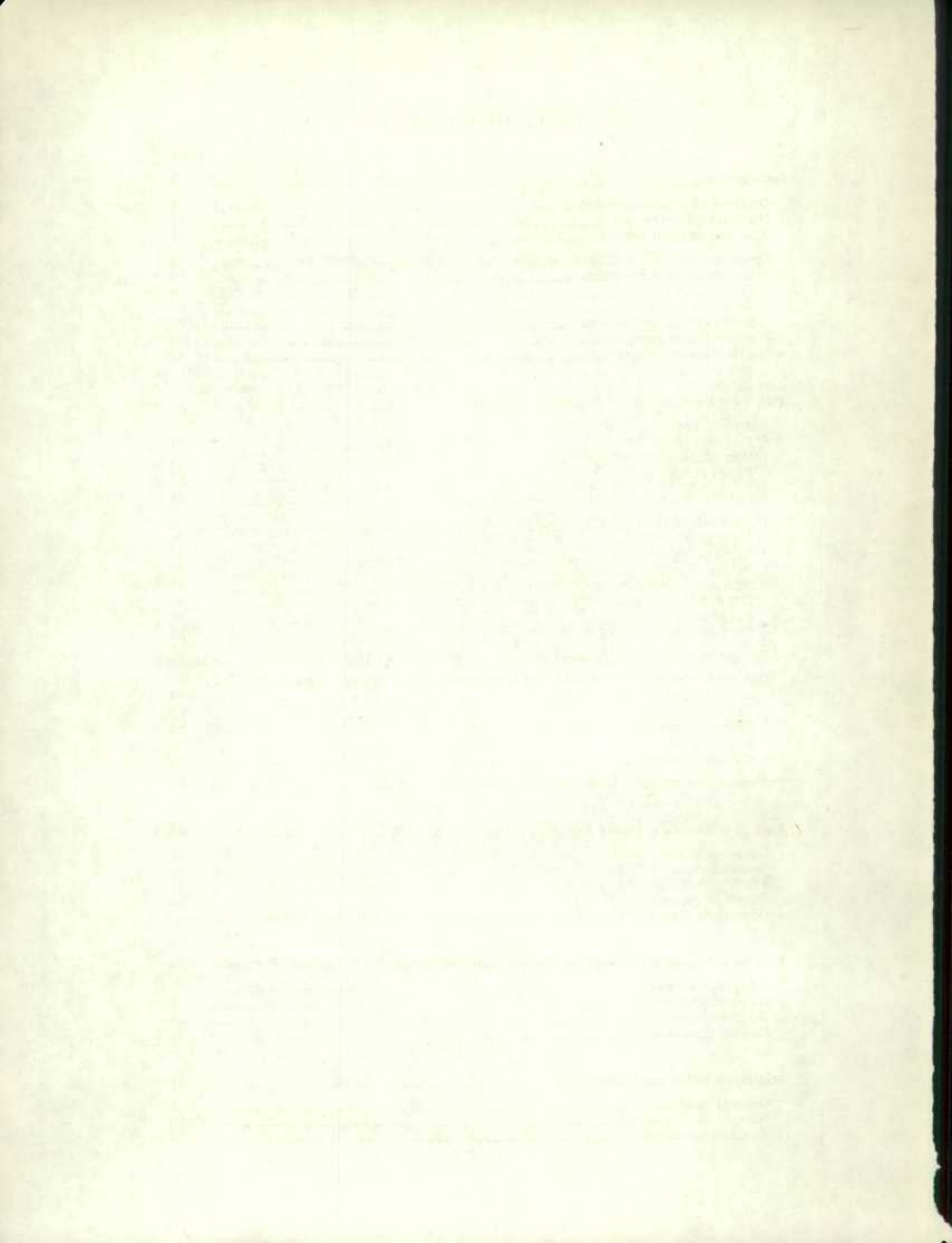
This report consolidates various statistical series related to Canada's international investment position since the beginning of regular official statistics in this field in 1926. It includes some material previously published in "Canada's International Investment Position, Selected Years 1926 to 1949" (1950), "United States Direct Investments in Canada" (1949), and in annual special reports on "The Canadian Balance of International Payments".

The statistics covered in this report are derived from extensive records of international investments kept by the Balance of Payments Section. These records are maintained through the co-operation of many thousands of business concerns in Canada whose assistance is gratefully acknowledged.

The work on investments in the Balance of Payments Section has been under the direction of Mr. C.D. Blyth who was assisted in the preparation of this report by Mr. E.B. Carly.

S. MARSHALL,  
*Domestic Statistician.*

Ottawa,  
February 17, 1956.



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## GENERAL STATISTICAL PRACTICES

In this report percentages shown in tables and statements have been calculated from actual totals rather than from rounded totals shown in statements.

In tables and statements sub-totals and totals correspond to actual aggregates and therefore do not necessarily add to the sum of rounded totals.

In tables and statements a dash (-) means "nil" or less than 0.5 of the units of value shown.

In statements 3, 4, 42, and 43 the use of (+) and (-) signs corresponds to increases or decreases in the groups of investments to which they are attached. But in Table 1 a minus sign designates net assets.

## CANADA'S INTERNATIONAL INVESTMENT POSITION

### INTRODUCTION

The importance of foreign capital to Canadian development has been an outstanding characteristic of Canadian economic history. In turn Canadian development has been a leading influence on the form and course which non-resident investments have taken. Much of this growth has recently been occurring in investments in Canadian equities which in many cases are accompanied by control. There has been a particularly notable rise in foreign-controlled concerns during the recent period of accelerated development in Canada, and there have been significant changes in Canada's investment position.

This concentrated inflow of foreign capital for investment has recently focussed attention on this subject. There is consequently a good deal of fresh interest in the changing relative importance of foreign capital in Canada and its consequences for the Canadian economy. This is a subject with many ramifications penetrating different facets of the national life. Only some of these may be observed or measured from a statistical approach. Various statistical comparisons appear elsewhere in this report which may assist in appraising the significance of foreign investment in Canada. This appraisal has been rendered complex by the great variations which exist in different spheres in the extent of foreign ownership and control and financing. Among comparisons presented are the share of recent financing of Canadian development, the distribution of ownership and control, the ratios of income remitted abroad, and the proportions of Canadian manufacturing in establishments controlled abroad.

While overall dependence on foreign capital for financing Canadian development is much less than in earlier periods there continues to be a leading place occupied by foreign capital in many areas of Canadian activity. This dependence has been greatest in the sphere of Canadian industry, particularly in the case of certain kinds of development where large amounts of risk capital and industrial technology are involved. A very great increase has occurred in the extent of non-resident investment in Canadian industry in the period since 1948. But this varies markedly in different branches of industry.

The contribution of non-resident capital to Canadian post-war development in the spheres of both resource industry and secondary manufacturing has been very substantial. For example, in the last half dozen years well over half of the increased investment in the broad area of industry covered by manufacturing, mining and petroleum has been provided by non-residents of Canada, either through transfers of capital or the retention of earnings. In manufacturing alone the non-resident capital has contributed over half the total while in petroleum

and some branches of mining much the largest parts have been provided by non-residents. In the longer period from 1926 to the present much the same relative dependence upon non-resident resources for the financing of Canadian industry is revealed. The role of foreign capital in investment in Canadian industry is analysed in Part I under "Proportions of Foreign Ownership".

But at the same time there has been a spectacular rise in Canadian investment in spheres lying outside of industry, like residential and other personal property, agriculture, and in railways and public utilities including those owned by municipalities and governments. Largely for this reason the various overall ratios of non-resident financing of Canadian investment in the post-war period have been much less than in earlier periods of high Canadian investment activity as is discussed in the section of this report dealing with "Foreign Financing of Canadian Investment in the Post-War Period". The nature and distribution of Canadian savings and the opportunities open for individual and public investment have had the effect of concentrating much of Canadian investment in less dynamic forms than some of the investments by non-resident concerns which have been prominent in certain areas of large scale development of Canadian production.

There have also been important underlying changes in the international ownership and control of Canadian industry, partly as a result of the changing sources of financing. Non-resident ownership of Canadian manufacturing now amounts to about a half of the total capital employed and to well over a half in the case of mining, smelting and petroleum. These proportions of ownership have risen rapidly since 1948 as shown in statement 18. Likewise the proportions of these Canadian industries which are controlled abroad have been increasing even more as shown in statement 19. Yet in the broader area of Canadian industry which includes railways, public utilities and commercial establishments as well as the production industries referred to above the non-resident ownership of around one third remained at about the same ratio as in 1948, and less than in 1939 or 1926. And in spheres of personally owned property like agriculture and residential real estate the proportions of Canadian ownership are of course very high and in the case of Canadian bonds and debentures likewise only a minor proportion is still owned by non-residents.

This changing pattern of ownership has influenced another basis of judging the place of non-resident investment, the share which non-residents have in Canadian payments in such forms of income as interest and dividends. Here also there is a considerable variation in the proportions paid

abroad of the main types of income. Foreign investments are now heavily concentrated in the corporate sphere of activity and are therefore particularly important in dividend payments.

In the case of interest the non-resident proportion has declined sharply in the post-war years compared with pre-war. But in the case of dividends the non-resident proportion remains over one-half and appears to have potentialities for expansion in the future, as a result of recent heavy investments in equities. A very substantial share of undistributed profits of corporations is also owned by non-residents and this area of income too has potentialities for further growth due to the heavy non-resident equity investment in recent years.

A highly significant aspect of the rapidly increasing foreign investments in Canada is their concentration in direct investments in Canadian industry which carry with them control and ownership of equities in areas of Canadian mining and industrial production undergoing accelerated Canadian development. In the field of industry which includes manufacturing, mining and petroleum non-resident controlled companies represent more than half of the estimated total capital invested. In manufacturing alone excluding petroleum refining, the non-resident controlled portion in 1953 was some 47%, and in petroleum 70%, and in other mining 55%.

Most of these concerns were controlled in the United States. There is a substantial concentration in a relatively small number of concerns. In the field of manufacturing some 25 United States controlled concerns with aggregate investments of more than \$25 million each accounted for much more than half of the investment in United States controlled establishments. Concerns with an investment of \$1 million or more made up some 90% of investments in United States controlled concerns in manufacturing.

Another basis of judging the place of foreign controlled business in Canadian industry is provided by a special study of production and employment in the larger Canadian manufacturing concerns controlled in the United States. These larger concerns with an investment of \$1 million or more accounted for some 30% of Canadian manufacturing production in 1953, and 21% of employment in that field. In both cases these ratios in non-resident-controlled plants were considerably higher than in 1946, the previous post-war year for which a study of this kind has been made. In some industries the proportions of production and employment in plants controlled in the United States were much higher than this. In the case of automobiles for example most of the production is in United States controlled plants but this is exceptional.

Among other industries where well over one-half of the production is in the larger United States-controlled concerns are the smelting and refining of non-ferrous metals, petroleum refining, rubber products, and motor vehicle parts. In several major industries like electrical apparatus and supplies and non-ferrous metal products the distribution of control between Canadian and United States controlled companies is more evenly divided. In other cases the non-resident share is large, although less than one-half the total. These include pulp and paper, other paper products, chemicals, medicinal and pharmaceutical products, sheet metal products and certain branches of the machinery industry.

There remained however, many industries where much the largest part of production has been in Canadian-controlled plants. Prominent among these are such important branches of industry as primary iron and steel and some other sub-divisions of the iron and steel industry, textiles, clothing, and divisions of the food and beverages industry like bakery products, beverages and dairy products.

Among the consequences of increased direct investments in Canada are the closer contacts which are being brought about between the Canadian and United States economies. Some of these are described in Part III dealing with relationships between investment position and Canada's balance of payments.

More detailed analysis of the various trends and factors discussed above will be found elsewhere in this report.

Canada's place as a debtor and creditor in the world setting is also discussed. Canada's investment position is part of a world nexus of inter-related investment. An important part of this position has been the dual aspects occupied by Canada and the rapid growth in Canadian assets abroad, both in government-owned and private-owned assets. While there has been a great rise in Canadian liabilities to other countries, this has been partly offset by the rapid and varied growth in Canadian assets abroad. Consequently the balance of Canadian indebtedness to other countries has undergone much more moderate changes than the increase in foreign investments in Canada by itself might suggest. Investments by Canada abroad have special characteristics which are discussed in a separate part of this report. Well over half of the rise in Canadian assets abroad since 1939 has been in loans and advances by the Canadian Government most of which were extended in the early post-war years.

#### Historical Outlines of Changes

Most of the great growth in the amount of foreign capital invested in Canada has occurred in the Twentieth Century. These investments which in 1900 had a value of some \$1¼ billion had by 1954 reached \$12½ billion and by the end of 1955 exceeded \$13 billion. The growth has been quite irreg-

ular during the half century and the principal sources and kinds of investment have likewise undergone great change. The principal amounts and sources for various periods are shown in statement 1. These amounts have been affected greatly by changing levels of prices.

**STATEMENT 1. Estimates of Foreign Capital Invested in Canada, Selected Year Ends, 1900 to 1954**  
(Millions of dollars)

Year	Amounts Owned by:			Total Non-Resident Investment
	United Kingdom	United States	Other Countries	
1900 <sup>1</sup> .....	1,050	168	14	1,232
1914 <sup>2</sup> .....	2,778	881	178	3,837
1918 <sup>2</sup> .....	2,729	1,630	177	4,536
1926 .....	2,637	3,196	170	6,003
1930 .....	2,766	4,660	188	7,614
1939 .....	2,476	4,151	286	6,913
1945 .....	1,750	4,990	352	7,092
1954 .....	2,143	9,622	704	12,469
Net Change in Selected periods:				
1900 to 1914 .....	+ 1,728	+ 713	+ 164	+ 2,605
1914 to 1918 .....	- 49	+ 749	- 1	+ 699
1918 to 1926 .....	- 92	+ 1,566	- 7	+ 1,467
1926 to 1930 .....	+ 129	+ 1,464	+ 18	+ 1,611
1930 to 1939 .....	- 290	- 509	+ 98	- 701
1939 to 1945 .....	- 726	+ 839	+ 66	+ 179
1945 to 1954 .....	+ 393	+ 4,632	+ 352	+ 5,377
<b>1900 to 1954 .....</b>	<b>+ 1,093</b>	<b>+ 9,454</b>	<b>+ 690</b>	<b>+ 11,237</b>

1. Estimated by Dr. Jacob Viner, Canada's Balance of International Indebtedness 1900-1913, (Cambridge 1924).

2. Estimated by Prof: F.A. Knox from Excursus appearing in Canadian-American Industry, Marshall, Southard and Taylor. (New Haven, Toronto 1936).

Statistics from 1926 on are official data collected by the Dominion Bureau of Statistics.

The periods of most pronounced growth have been the decade prior to World War I, the inter-war period up to about 1930, and the recent post-war period, particularly during the years from 1948 on. Reductions in the total amounts invested were chiefly concentrated in the latter part of the inter-war period from 1930-39 with further significant withdrawals of capital in the case of British investments during the period of the Second World War.

In absolute terms the greatest growth in foreign investment has been during the period since 1948. From then until the time of writing not very far short of one-half the total now outstanding was invested, either by capital transfers or the retention of earnings. But in relative terms the increases before the First World War probably had a greater impact as the rate of increase was greater, and in that period of development capital from external sources made up a larger part of the total than has been the case in more recent periods of Canadian development.

The expansion in wheat production and railway building were at the core of economic development in the period preceding the First World War. As the London capital market was the principal available

source of the capital needed for this large scale development there was a wave of capital inflow from the United Kingdom. In the decade before the war the largest part of Canada's indebtedness to the United Kingdom was incurred. During the same period of rapid development United States investments increased at an even more rapid pace, but at the beginning of the War they still had a value of only around one-third of the value of British investments in Canada. Investments from other countries also rose. A major part of Canadian development in the period was financed by capital inflow and the largest portion of this inflow took the form of bonded debt guaranteed by the Government of Canada. A succession of current account deficits, booming investment, and general prosperity were characteristics of the period, particularly in the latter part.

The termination of this period is marked by the changes brought about by the First World War. The demands of the allied governments led to large current surpluses and the direction of development changed with inflows of capital being largely confined to new issues of government bonds in the United States. The increase in United States invest-

ments during the four wartime years was as large as the increase in the period from 1900 to 1914 and contrasts with the beginning of a decline in British investments in Canada.

A new period of even greater growth in United States investments occurred following the war. In contrast to the period before the war capital for industrial expansion with much of it in the form of direct investment played a larger role. The major source of foreign capital in Canada shifted to the United States. Little change occurred in either British or overseas investments in Canada. Another contrast with the pre-war period of investment was that Canadians also became substantial exporters of capital in some periods although foreign indebtedness continued to grow. In addition the foreign investment of this period was relatively smaller than before World War I, even though investment activity in Canada was at a high level in some periods particularly around the end of the 1920's.

The decade of the 1930's was a period of generally low investment activity in Canada and this was a time when both British and United States investments in Canada were reduced. The two principal ways in which reductions occurred were through repatriation of Canadian securities owned abroad, and through withdrawals of capital invested in direct investments. The repatriation mainly occurred by redemption of bond issues owned abroad at a time when new issues floated abroad for other purposes than refinancing were relatively light compared with the extent of new borrowing by this means in the preceding decade. The withdrawals of capital invested in branches and subsidiaries probably was a reflection of the reduced scale of business activity and the absence of any general expansion in properties. In contrast to the declines in British and United States investments there was a rise in investments by other countries. This later was concentrated in the years immediately before World War II and was mainly European capital in search of security.

### The International Setting

The world wide distribution of international investments has been of complex and changing character. But the main outlines may be perceived with the assistance of the statistics which exist for some countries even though the information is often fragmentary and lacking in comparability. There have been only a few creditor countries and these have varied in importance in different periods. The largest part of the capital which has been invested throughout the world has originated in the surplus savings of several countries. In the latter part of the 19th century and on into the 20th century the leading source of capital was the United Kingdom. For a long period that country was regarded as the classic example of a creditor country. Even immediately before World War II the leading creditor nation of the world was still the United Kingdom, although British investments overseas had ceased to grow. But during the 1920's the United States had

During World War II the most outstanding change in external investments in Canada was the substantial reduction in British investments which mainly occurred from official repatriation operations connected with wartime financial arrangements. There was during the period however, a net increase in total external investments in Canada as investments by the United States rose appreciably and there was a continued growth in European and other foreign capital in Canada. The rise in United States investments was in both direct and portfolio investments. Canada's balance of indebtedness was sharply reduced in this period by a substantial growth in Canadian assets abroad through Canadian government loans and an accumulation of official reserves.

Following World War II there has been another period of intensive growth in Canada in which non-resident capital has played an important part which is reflected in a sharp rise in non-resident investments in Canadian industry. Most of this rise has occurred in the years since 1948. While in the aggregate non-resident resources have contributed a smaller portion than in other periods of high investment, the contributions of non-resident capital have been of major proportions, particularly in the sphere of industrial and resource development, as is demonstrated elsewhere in this report. But within this post-war period there have been opposite movements in Canada's international investment position. A reduction had occurred in the balance of Canada's international indebtedness to a low point in 1948 and 1949 due to the rapid growth in Canadian assets abroad mainly arising from the extension of loans by the Government of Canada to overseas countries. This increase was more than the less rapid rise in foreign investments in Canada in the same years. But this trend in the balance was reversed in succeeding years as the balance of indebtedness rose to a new peak mainly through the rapid increase in foreign investments. Recent changes are discussed in greater detail elsewhere in this report.

become a heavy exporter of capital following a rapid growth in this capacity in the earlier part of the century. Although United States investments abroad did not continue to grow in the following decade they represented the second largest total for any country before World War II. But these private investments were still approximately one-half of the British total at the same time and there continued to be a substantial group of foreign capital investments in the United States. Consequently on a private net indebtedness basis the United States was much less of a creditor than the United Kingdom. Some other European countries have also been important sources of foreign investment particularly in some areas. Before the War the most prominent of these creditor countries were Belgium, France, The Netherlands, and Switzerland, as far as can be determined from available statistics.

The debtor countries before the War were generally the large primary producing countries of recent settlement in the temperate zones, most of the countries in the tropical parts of the world, and a few other countries with a scarcity of capital. Prominent among the debtor countries in that period as far as available statistics indicate were Canada, Australia, Argentina, India, Germany, China, and the Netherlands East Indies. Canada's foreign indebtedness was much larger than that of any of these other countries. The remainder of the international investments were distributed among a great many countries including some creditor countries like the United States.

Many changes were introduced into this pattern by World War II and its aftermath. The investment position of the United Kingdom was greatly altered with the liquidation of investments in various countries and the incurring of wartime indebtedness. An additional indebtedness abroad was incurred by the United Kingdom government in the post-war years. As a result Britain's investment position was greatly altered. Although British balance of payments statistics still show net receipts of income on international investment account, this has been much less than before the war. Exports of capital since the war have been mainly to countries of the sterling area with investment in Canada being restricted by controls. Most of the other European countries which were creditors before the war have likewise experienced many changes in their net indebtedness position. It has been only recently that some of these countries have been able to export capital again and this has usually been closely regulated and limited to certain channels. Net income received by these countries has also usually been much reduced from prewar levels.

Meanwhile the United States has emerged as the leading creditor country. In addition to extending many forms of economic aid to the rest of the world, that country has been the leading exporter of private capital in the post-war years. But the level of these exports of private capital in the period has been less than the capital exports from that country in the peak years in the 1920's. And the form has also changed, more now being for direct investment in economic development while less represents investment in new issues of bonds than in the 1920's. Furthermore, a larger proportion of United States investments in the past decade has been in Canada than was the case in the 1920's when a larger volume was invested overseas. In the post-war years more than one-third of United States private long-term investment has been in Canada. In certain periods Canada also has been an exporter of capital of some significance, as details in this report will

show. Much of this has been of a special character however, and Canada remains one of the most prominent debtor countries. Private investments of United States capital in Canada are greater than in any other country and are larger than in all of Latin America, the next largest region of investment. Investments by the United States in Canada are also greater than the private long-term investments of that country in all of the countries of the world outside of the Americas. Canada also has traditionally been one of the major areas of the British overseas investment and continues to be. Other debtor countries continue to be numerous and are scattered throughout the world. In the case of some, significant reductions in indebtedness were made possible by changes brought about by the recent war. In many cases these countries repatriated investments formerly owned in the United Kingdom, United States and in other European countries.

Canada's place in this setting of a network of international investments which has largely grown up in the first half of this century will become more apparent in various ways by data showing the trend in Canada's international investment position in this report. Canada's economic development has been traditionally closely dependent upon imports of capital particularly in periods of rapid general growth. Foreign economic resources have been drawn upon in these periods by borrowing abroad to supplement Canadian resources.

The sources of the external capital invested in Canada have generally been the capital markets of the United Kingdom and the United States in the periods in which each of these was the predominant world source. In the part of this century when London was the main source predominant inflows were supplemented on a major scale by inflows from the United States or Continental Europe. In later periods when the United States became the leading exporter of capital it became the major source of inflows into Canada. Only to a relatively minor extent have the inflows in the latter period been supplemented by capital from the United Kingdom or elsewhere. Consequently Canadian indebtedness to the United Kingdom was largely incurred before 1914 while indebtedness to the United States has chiefly grown since then and is still rising rapidly. But even in the past few years of heavy inflows there has been much less relative overall dependence upon foreign capital to supplement Canadian savings than in earlier periods of rapid Canadian development. And there have been long periods in the past few decades when Canada has been a net exporter of capital. Consequently Canadian assets abroad both privately owned and government owned have risen significantly further indicating the growing maturity of the Canadian economy.

#### GROSS ASSETS AND LIABILITIES AND BALANCE OF CANADIAN INDEBTEDNESS

Canada's balance of international indebtedness or net indebtedness to other countries is the amount by which the claims of non-residents against the Canadian economy exceed the claims of Canadians against other countries. Included in gross assets and liabilities used in arriving at the balance are

all long-term investments described in detail in this report along with short-term assets and liabilities except for those of a commercial character. The traditional excess of Canadian liabilities abroad over foreign assets is the basis for referring to Canada as a "debtor" country.

**STATEMENT 2. Summary of Canada's Balance of International Indebtedness, Selected Year Ends 1926-1955**

(Billions of dollars)

Item	1926	1930	1933	1939	1945	1948	1954	1955 <sup>1</sup>
Gross liabilities to other countries....	6.4	8.0	7.7	7.4	7.6	8.4	13.6	14.5
Gross external assets .....	1.3	1.5	1.4	1.9	3.8	4.7	6.9	7.0
<b>Net Indebtedness .....</b>	<b>5.1</b>	<b>6.5</b>	<b>6.3</b>	<b>5.5</b>	<b>3.8</b>	<b>3.7</b>	<b>6.7</b>	<b>7.5</b>

1. Subject to revision.

By the end of 1926, when regular official estimates begin, Canada's net balance of international indebtedness had reached \$5.1 billion. In the succeeding four years, under the impact of heavy expansion, it rose to \$6.5 billion. By the outbreak of World War II the net liability had fallen to \$5.5 billion, mainly as the result of retirements of Canadian bonds owned by non-residents, although in this period a significant increase in Canadian direct investment abroad was also of importance. On balance during the war and immediate post-war years Canada's net indebtedness continued to fall, reaching \$3.7 billion in 1948 and 1949; a substantial growth in Canadian liabilities, mainly on account of direct investment, was more than offset by the increase in Government assets abroad. Since 1949 Canada's net foreign liabilities have been rising, to total \$6.7 billion by the end of 1954 and an estimated \$7.5 billion by the end of 1955. Factors contributing to the post-war growth in Canada's debtor position are discussed in Part I of this report. Taking the period from 1926 to 1954 as a whole Canada's external liabilities have risen by somewhat under 3% per annum, in contrast to a growth of over 6% on the assets side. The overall increase in net indebtedness from \$5.1 billion to \$6.7 billion is equivalent to an annual rate of less than 1%. Considering the great expansion of productive capacity and the changes in price levels which have occurred in the past quarter of a century, it will be apparent that the relative burden of Canada's debtor position has been greatly decreased. As will be seen, however, foreign investment has concentrated in the most dynamic and productive sectors of the Canadian economy in many of which it plays a highly significant role.

#### Characteristics of Canada's International Investment Position

##### Geographical distribution:

As has been indicated in the historical survey earlier in this report, since World War I the United States has been Canada's principal source of ex-

ternal capital. It is consequently not surprising that Canada's liabilities to that country have risen in the period of 28 years covered by official statistics from \$3.5 billion in 1926 to \$10.3 billion in 1954. Nearly one-quarter of the net increase occurred in the four years 1926 to 1930, and more than one-half in the six years from 1948 to 1954. Both of these periods saw dynamic expansion of Canada's productive facilities. Disregarding for the moment Canada's external assets in the form of official gold and foreign exchange holdings which have special monetary significance, an impressive growth is also apparent in Canadian assets in the United States. These rose from \$0.7 billion in 1926 to \$2.2 billion in 1954. The rate of growth of Canada's assets in the United States has thus been greater than in the case of United States investments in Canada. This is true not only of the period of most rapid growth from 1948 to 1954 but also of the period from 1926 to 1954 as a whole. Despite this trend Canada's net indebtedness to the United States, exclusive of official gold and exchange holdings, has risen from \$2.8 billion in 1926 to \$8.1 billion in 1954.

Canada's investment position with the United Kingdom has changed rapidly as a result of the exchange difficulties experienced by that country. During the early part of World War II the United Kingdom found itself obliged to draw heavily upon its resources abroad, and as a consequence British assets in Canada which had totalled \$2.7 billion in 1926, fell from \$2.6 billion at the end of 1937 to \$1.8 billion in 1945. In recent years there has been an increase in these assets as a result both of capital transfers to this country and of the retention of earnings accruing to British investors. By the end of 1954 British assets in Canada were valued at \$2.3 billion. Canadian assets in the United Kingdom have risen greatly from about \$0.1 billion in 1926 to \$1.5 billion in 1954. Practically all of the increase occurred during the war and post-war years, more than \$1.2 billion of it representing net loans and advances by Canada to the United Kingdom. As a result mainly of the liquidation of British investment in Canada and the growth of Canadian assets in the United Kingdom, Canada's net debtor



**STATEMENT 3. The Canadian Balance of International Indebtedness, Geographic Changes  
1926-1954**

(Billions of dollars)

Change 1926-1954 and total 1954	United States <sup>1</sup>	United Kingdom <sup>1</sup>	Other Countries	Official holdings of gold and exchange	Total
<b>Liabilities:</b>					
1926-1930.....	+ 1.4	+ 0.2	-	-	+ 1.6
1930-1939.....	- 0.4	- 0.3	+ 0.1	-	- 0.6
1939-1948.....	+ 1.5	- 0.9	+ 0.4	-	+ 1.0
1948-1954.....	+ 4.3	+ 0.6	+ 0.3	-	+ 5.2
<b>1926-1954</b> .....	<b>+ 6.8</b>	<b>- 0.4</b>	<b>+ 0.8</b>	<b>-</b>	<b>+ 7.2</b>
<b>Total 1954</b> .....	<b>10.3</b>	<b>2.3</b>	<b>1.0</b>	<b>-</b>	<b>13.6</b>
<b>Assets:</b>					
1926-1930.....	+ 0.2	-	-	-	+ 0.2
1930-1939.....	-	-	- 0.1	+ 0.5	+ 0.4
1939-1948.....	- 0.1	+ 1.4	+ 1.0	+ 0.5	+ 2.8
1948-1954.....	+ 1.4	-	-	+ 0.9	+ 2.2
<b>1926-1954</b> .....	<b>+ 1.5</b>	<b>+ 1.4</b>	<b>+ 0.9</b>	<b>+ 1.9</b>	<b>+ 5.6</b>
<b>Total 1954</b> .....	<b>2.2</b>	<b>1.5</b>	<b>1.4</b>	<b>1.9</b>	<b>6.9</b>
<b>Net Indebtedness:</b>					
1926-1930.....	+ 1.2	+ 0.2	-	-	+ 1.4
1930-1939.....	- 0.4	- 0.3	+ 0.2	- 0.5	- 1.0
1939-1948.....	+ 1.6	- 2.3	- 0.6	- 0.5	- 1.8
1948-1954.....	+ 2.9	+ 0.6	+ 0.3	- 0.9	+ 3.0
<b>1926-1954</b> .....	<b>+ 5.3</b>	<b>- 1.8</b>	<b>- 0.1</b>	<b>- 1.9</b>	<b>+ 1.6</b>
<b>Total 1954</b> .....	<b>8.1</b>	<b>0.8</b>	<b>- 0.4</b>	<b>- 1.9</b>	<b>6.7</b>

N.B. — Because of rounding, totals may not equal the sums of components.

1. Excludes Government of Canada holdings of gold and foreign exchange.
2. Includes International Monetary Fund and International Bank for Reconstruction and Development.

position with that country fell from \$2.6 billion at the end of 1926 to about \$0.2 billion in 1947 but it has since increased to \$0.8 billion.

In contrast to Canada's investment position with its traditional sources of foreign capital, the United States and the United Kingdom, Canada has been a net creditor<sup>1</sup> of other countries, throughout the period covered by official estimates. Canadian liabilities now amount to about \$1.0 billion, including some \$0.2 million of short-term assets in

Canada of the International Monetary Fund and the International Bank for Reconstruction and Development. Canadian external assets totalling \$1.4 billion include \$0.8 billion covering government loans and advances to other countries and subscriptions to the capital of the IMF and IBRD.

1. It must be noted, however, that an indeterminate but probably not insignificant amount of the investments recorded from the United States and United Kingdom are held for residents of other countries by nominees.

### Public and Private

Attention has frequently been drawn to the pre-dominance among Canadian assets abroad of the assets of the Government of Canada, in particular official loans and exchange reserves. The Government also has some important external liabilities, arising mainly from holdings of its funded debt by non-residents. Statement 4 classifies Canada's investment position between the public and private sectors and

indicates the shifts that have taken place. The net increase of \$1.2 billion in Canada's balance of international indebtedness from 1939 to 1954 masks an increase in net official external assets of \$3.3 billion and an increase in net external liabilities of other Canadians of \$4.5 billion. By the end of 1954 the government sector was a net creditor in the amount of \$3.0 billion, while there was net indebtedness owing abroad by other sectors of \$9.7 billion.

### STATEMENT 4. The Canadian Balance of International Indebtedness Approximate Divisions Between "Government of Canada" and "Other" Position and Between "Debt" and "Equity" Forms, 1926-1954

(Billions of dollars)

Change 1926-1954 and total 1954	Government of Canada	All Other	Debt	Equity
<b>Liabilities:</b>				
1926-1930.....	+ 0.1	+ 1.5	+ 0.8	+ 0.8
1930-1939.....	+ 0.1	- 0.7	- 0.4	- 0.2
1939-1948.....	+ 0.3	+ 0.7	- 0.6	+ 1.6
1948-1954.....	- 0.1	+ 5.3	+ 0.8	+ 4.4
1926-1954.....	+ 0.4	+ 6.8	+ 0.6	+ 6.6
<b>Total 1954.....</b>	<b>1.0</b>	<b>12.6</b>	<b>4.0</b>	<b>9.6</b>
<b>Assets:</b>				
1926-1930.....	-	+ 0.2	-	+ 0.2
1930-1939.....	+ 0.5	- 0.1	-	+ 0.4
1939-1948.....	+ 2.8	-	+ 2.8	-
1948-1954.....	+ 0.7	+ 1.5	+ 1.1	+ 1.1
1926-1954.....	+ 4.0	+ 1.6	+ 3.9	+ 1.7
<b>Total 1954.....</b>	<b>4.0</b>	<b>2.9</b>	<b>4.6</b>	<b>2.3</b>
<b>Net Indebtedness:</b>				
1926-1930.....	+ 0.1	+ 1.3	+ 0.8	+ 0.6
1930-1939.....	- 0.4	- 0.6	- 0.4	- 0.6
1939-1948.....	- 2.5	+ 0.7	- 3.4	+ 1.6
1948-1954.....	- 0.8	+ 3.8	- 0.3	+ 3.3
1926-1954.....	- 3.6	+ 5.2	- 3.3	+ 4.9
<b>Total 1954 Net Indebtedness.....</b>	<b>-</b>	<b>9.7</b>	<b>-</b>	<b>7.3</b>
<b>Net Assets.....</b>	<b>3.0</b>	<b>-</b>	<b>0.6</b>	<b>-</b>

N.B. Because of rounding, totals may not equal the sums of components.

### Debt and Equity

The disparity between the net creditor position of the Government of Canada and the debtor position of the Canadian economy as a whole leads naturally to the question of the relationship between debt and equity components of the international investment position. This division presents some statistical problems but approximate data have been prepared and appear in statement 4. Most of the growth in our liabilities has represented equity investment, while a substantial part of our assets do not represent

active participation in foreign economies. On balance our position is made up of net equity investment by others of \$7.3 billion, against which we had net non-participating assets abroad of \$0.6 billion.

### International Comparisons of Per Capita Position

Interesting perspective on Canada's place as a borrower and lender is gained from a comparison on a per capita basis between the international invest-

ment positions of the United States and Canada. From statement 5 it will be seen that in 1954 Canada's external assets (including gold as an external asset) amounted to about \$449 per capita, or about \$58 per capita more than in the case of the United States. But Canadian liabilities of \$883 per capita were in striking contrast to the comparable United States figure of \$163, and Canada's debtor position of \$434 per capita compared with the United States creditor position of \$228. In considering the external assets the special significance of government credits should be borne in mind. During the period covered a substantial amount of international economic aid was extended by the United States in the form of grants under various

programs of aid, while Canadian aid in this period involved a larger proportion of long-term credits. Although Canadian credits outstanding at the end of 1954 were some 40% larger, on a per capita basis, than United States credits, the growth from the end of 1946 was much smaller because Canadian credits had been drawn down on a relatively larger scale in the immediate post-war period.

When making comparisons of this nature it should also be remembered that there is a significant non-resident equity in Canadian direct investments abroad. This equity is included among the "all other liabilities" shown in the statement, and consequently this factor does not influence the figure of net international indebtedness.

**STATEMENT 5. International Investment Position of Canada and the United States  
Expressed Per Capita in Domestic Dollars**

	1946		1954		Increase	
	Canada	United States	Canada	United States	Canada	United States
<b>Assets:</b>						
Direct investments <sup>1</sup> .....	62	50	107	108	45	58
Portfolio securities .....	44	28	60	31	16	3
Government credits, etc. ....	113	36	134	95	21	59
All other, except gold <sup>2</sup> .....	61	15	80	24	19	9
<b>Sub-total</b> .....	<b>280</b>	<b>129</b>	<b>381</b>	<b>258</b>	<b>101</b>	<b>129</b>
Gold holdings .....	43	143	68	133	25	- 10
<b>Total</b> .....	<b>323</b>	<b>272</b>	<b>449</b>	<b>391</b>	<b>126</b>	<b>119</b>
<b>Liabilities:</b>						
Direct investments .....	228	17	434	24	206	7
Portfolio securities .....	328	20	338	40	10	20
Other long-term .....	23	14	36	9	13	- 5
All other <sup>2</sup> .....	53	59	75	90	22	31
<b>Total</b> .....	<b>632</b>	<b>110</b>	<b>883</b>	<b>163</b>	<b>251</b>	<b>53</b>
Net assets, excluding gold .....	- 352	19	- 502	95	- 150	76
Net assets, including gold .....	- 309	162	- 434	228	- 125	66

1. Value of Canadian direct investments includes indirect equity of non-residents in these enterprises amounting per capita to \$22 in 1946 and \$37 in 1954. A corresponding liability is recorded under all other liabilities.

2. Excluding, in the case of Canada, short-term commercial indebtedness and blocked currencies, but including official holdings of exchange of 58 in 1946, and 55 in 1954.

Estimates derived from Canadian and United States data which may not be strictly comparable.

### International Comparisons of Net Income Transfers

International comparisons of foreign investment are hazardous because of the lack of complete data on foreign investment in a number of countries. It is possible, however, to make comparisons of the interest and dividend payments arising from foreign investment. It should be emphasized, however, that income transfers are not always a guide to international indebtedness. Some of the varying relation-

ships between investments and income transfers will be illustrated by the discussion of Canada's case which appears elsewhere in this report. For this and other reasons of comparability the data on international transfers of income for selected countries appearing in statement should be used with reservations. Such comparisons are probably more useful as averages of several years, since a number of short-term factors may affect dividend payments in any one year.

Statement 6 shows net international transfers of interest and dividends for a number of countries, including both net payers and net recipients of such income. The data are shown as averages of 1947-53, or the nearest available years, and in both absolute and per capita terms. Information was not complete for four countries shown in the source mentioned in the statement, and a number of countries with small net international transfers of investment income have been omitted.

It should be obvious that no conclusions about the relative burden of foreign debt, in terms of net income transfers, can be drawn on the basis of the data shown in statement 6. Apart from the absolute and per capita size of the transfers, analyses of the relative burden of debt would also have to take into account such factors as the national income and wealth, stage of economic development, the immediate balance of payments situation, and the extent to which foreign investment has promoted economic development.

The per capita average net payment by Canada in 1947-53 was third in size among the countries shown in the statement. Canada's average net payments abroad on an absolute basis were second

only to those of Venezuela among the countries shown. Similar data for 1953 alone indicate Canada ranked fifth in per capita net payments abroad of investment income (after Venezuela, Northern Rhodesia, Iraq, and Australia, in that order) but only net payments by Venezuela exceeded Canada's net payments abroad in 1953 in absolute terms.

A comparison of 1938 and 1953 data is available only for a limited number of countries. Net international payments of investment income on a per capita basis, were about the same or moderately lower in 1953 compared to 1938 for Australia, Canada, and the Union of South Africa. The figures for Canada were \$20.94 U.S. and \$16.91 U.S. in 1938 and 1953 respectively; in 1929 the corresponding figure was \$26.22 U.S. By contrast, Venezuela's net international payments of investment income rose rapidly from \$16.85 U.S. in 1938 to \$75.55 U.S. in 1953. Of the five countries which have substantial net receipts on a per capita basis, as shown at the end of statement 6, all but the United States experienced a sharp decline in net per capita receipts between 1938 and 1953. In the case of the United Kingdom this was from \$18.03 U.S. to \$2.69 U.S. For the United States the figures for the same years were \$3.32 U.S. and \$12.98 U.S. respectively.

**STATEMENT 6. Net International Transfers of Investment Income for Selected Countries.  
Average of 1947-1953 Ranked by average size of per capita transfers**

Country	Per Capita (U.S. dollars)	Absolute (Millions of U.S. dollars)	Country	Per Capita (U.S. dollars)	Absolute (Millions of U.S. dollars)
Venezuela .....	- 74.85	- 373	Finland .....	- 2.50	- 10
Northern Rhodesia (1947-48, 1950-53) .....	- 33.24	- 62	Brazil .....	- 2.13	- 111
Canada .....	- 20.98	- 289	Colombia.....	- 1.86	- 21
Australia .....	- 18.20	- 149	Peru.....	- 1.76	- 15
Costa Rica.....	- 14.93	- 12	Ceylon.....	- 1.60	- 12
Honduras .....	- 13.25	- 19	Egypt.....	- 1.42	- 29
Panama (1947-50) .....	- 13.02	- 10	Philippine Republic .....	- 1.31	- 26
Iran (1948-54) .....	- 11.77	- 228	Argentina .....	- 1.16	- 20
Iraq .....	- 11.15	- 54	Indonesia (1948-52).....	- 0.47	- 36
Chile.....	- 10.18	- 59	Italy .....	- 0.21	- 10
Union of South Africa (1947-52) .....	- 8.85	- 109	India-Pakistan (1948-53).....	- 0.10	- 45
New Zealand .....	- 8.36	- 16	Japan.....	- 0.07	- 6
Cuba .....	- 8.34	- 39	France.....	0.24	10
Dominican Republic .....	- 7.03	- 15	Sweden .....	1.14	8
Southern Rhodesia (1947-48, 1950-53) .....	- 5.33	- 11	Belgium-Luxembourg .....	1.68	15
Norway (1947-52) .....	- 3.23	- 11	Netherlands .....	5.35	54
Mexico .....	- 2.86	- 74	United Kingdom .....	6.05	305
Denmark .....	- 2.81	- 12	United States .....	11.47	1,741
Belgian Congo (1948-53) .....	- 2.62	- 30			

Sources: Monthly Bulletin of Statistics, United Nations, June, 1955, and Balance of Payments Yearbook, International Monetary Fund, Vol. 6. Where data for 1947-1953 were incomplete, the nearest available years were used. Information was not complete for Austria, Ireland, Sudan and Switzerland. A number of other countries were omitted because of small net investment income transfers.

PART I

FOREIGN CAPITAL INVESTED IN CANADA

As outlined in the historical comments above the greatest growth in non-resident capital in Canada has occurred in the last half dozen years. About one-half of the rise to date in total invested has occurred since the end of the recent World War, with most of the rise coming after 1948. In absolute terms this is much more than in earlier periods of rapid growth, although Canada is less dependent upon foreign capital than in those earlier periods

because of the great growth in Canadian savings. United States owned capital has accounted for most of the rise and now constitutes more than three-quarters of the total non-resident capital invested in Canada. But recent growth in investments owned in the United Kingdom and Western Europe has been of significant proportions even though the ratio owned in the United States has risen greatly over the decades.

STATEMENT 7. Value of United States Investments in Canada, Selected Years, 1926-1954  
(Millions of dollars)

	1926	1939	1945	1948	1954
Direct investments .....	1,403	1,881	2,304	2,807	5,740
Government and municipal bonds .....	909	1,221	1,450	1,467	1,822
Other portfolio investments .....	799	944	1,106	1,129	1,758
Miscellaneous investments .....	85	105	130	163	302
<b>Total United States Investments .....</b>	<b>3,196</b>	<b>4,151</b>	<b>4,990</b>	<b>5,566</b>	<b>9,622</b>

STATEMENT 8. Value of United Kingdom Investments in Canada, Selected Years, 1926-1954  
(Millions of dollars)

	1926	1939	1945	1948	1954
Government and municipal bonds .....	510	453	157	81	144
Portfolio holdings of railway securities .....	1,346	1,202	792	710	684
<b>Sub-total .....</b>	<b>1,856</b>	<b>1,655</b>	<b>949</b>	<b>791</b>	<b>828</b>
Direct investments .....	336	366	348	400	735
All other investments .....	445	455	453	417	580
<b>Total United Kingdom Investments .....</b>	<b>2,637</b>	<b>2,476</b>	<b>1,750</b>	<b>1,608</b>	<b>2,143</b>

STATEMENT 9. Value of Investments in Canada Owned by Residents of Countries Other than the United Kingdom and the United States, Selected Years 1926-1954

(Millions of dollars)

	1926	1939	1945	1948	1954
Direct investments .....	43	49	61	63	220
Government and municipal bonds .....	15	29	55	51	90
Other portfolio investments .....	82	148	167	152	272
Miscellaneous investments .....	30	60	69	66	122
<b>Total Investments .....</b>	<b>170</b>	<b>286</b>	<b>352</b>	<b>332</b>	<b>704</b>

## STATEMENT 10. Principal Changes in Non-Resident Investments in Canada, 1926-1954

	Amounts Outstanding			Net Change		
	1926	1948	1954	1926-48	1948-54	1926-54
	(Millions of dollars)					
<b>A. Type of Investment</b>						
Portfolio holdings of Government, Municipal and Railway Bonds .....	2,663	2,355	2,623	- 308	+ 268	- 40
Direct Investments .....	1,782	3,270	6,695	+ 1,488	+ 3,425	+ 4,913
Other investments in Canadian businesses .....	1,558	1,881	3,151	+ 323	+ 1,270	+ 1,593
<b>Sub-total</b> .....	<b>3,340</b>	<b>5,151</b>	<b>9,846</b>	<b>+ 1,811</b>	<b>+ 4,695</b>	<b>+ 6,506</b>
<b>Total - All Investments</b> .....	<b>6,003</b>	<b>7,506</b>	<b>12,469</b>	<b>+ 1,503</b>	<b>+ 4,963</b>	<b>+ 6,466</b>
<b>B. Country of Ownership</b>						
United States .....	3,196	5,566	9,622	+ 2,370	+ 4,056	+ 6,426
United Kingdom .....	2,637	1,608	2,143	- 1,029	+ 535	- 494
Other Countries .....	170	332	704	+ 162	+ 372	+ 534
<b>Total - All Countries</b> .....	<b>6,003</b>	<b>7,506</b>	<b>12,469</b>	<b>+ 1,503</b>	<b>+ 4,963</b>	<b>+ 6,466</b>

United States investments in 1954 were some 77% of the total having risen from about 60% at the beginning of World War II, and a little over half of the total in 1926. The rise in the actual amount invested by the United States has been twofold since 1926, the total in the earlier year of \$3,196 million rising to \$9,622 million in 1954. In the same period all investments of non-resident capital in Canada have doubled, rising from \$6,003 million in 1926 to \$12,469 million in 1954, and a further substantial rise occurred in 1955. The rise in United States investments to 1954 is enough to account for almost all of this increase in total non-resident investment. The value of investments in Canada owned by overseas countries in 1954 was not much different from 1926, although wide differences in ownership had occurred. While British investments in the interval have fallen from \$2,637 million in 1926 to \$2,143 million in 1954, investments owned in other countries overseas, chiefly Western Europe, have risen from \$170 million to \$704 million.

The most outstanding feature of the rise in United States investments has been the growth in direct investments in concerns controlled in the United States, a group of investments with special characteristics described in later sections of the report. The rise in this group makes up most of the rise both for the longer period as well as in the most recent period of more intensive growth. Direct investments constitute about 59% of United States investments in Canada in 1954 and other portfolio investments in business made up at least another 18%. United States holdings of government and municipal bonds make up some 19% of the total investments owned in the United States and are a smaller ratio of the total than in 1926.

As the rises have been concentrated in investments in Canadian business the rate of increase has been even more impressive in the various branches of Canadian industry. For example, as shown in table V United States investments in Canadian mining, including petroleum exploration and development companies, of \$1,522 million in 1954 were some nine times the value of \$165 million for 1926, and between four and five times the value of \$347 million in 1948. Investments in Canadian manufacturing owned in the United States in 1954 of \$3,489 million were some 3½ times the value in 1926. In this case the growth has been less concentrated in recent years. By 1948 United States investments in manufacturing were double the value of 1926, but in the interval between 1948 and 1954 the value rose by about 80%. There has also been a fourfold increase in United States investments in merchandising between 1926 and 1954 and almost a fivefold rise in investments in financial institutions. Investments in steam railways are now only moderately higher than in 1926 but the investment in other utilities has doubled.

There has also been a considerable growth in investments of British capital in Canadian industry even though the total of British investments is much less than before World War II. For example, British investments in Canadian manufacturing in 1954 were almost three times the corresponding investments in 1926, and most of this growth has occurred since the end of the War. There has also been a substantial rise in British investments in merchandising establishments, but investments in mining and smelting, and financial institutions have risen only moderately, and British investments in railways are

much lower than prewar as a result mainly of war-time repatriations of railway bonds. British investments in Canadian Government bonds have also been much less in the post-war years for the same reason. Recent growth in British investments in Canada has been more concentrated in industrial equities than formerly when there was a preponderance of investment in government bonds and railway securities. But in spite of the rises in investments in industry the British share of total non-resident investments in Canada has dropped from 44% in 1926 to 17% in 1954 and is also less than in either 1945 or 1948 chiefly because of the sharp rise in United States investments.

The same trend towards larger investments in Canadian industry characterizes the growth in investments by countries other than the United Kingdom and the United States. Investments by this group of countries, mainly the countries of Western Europe, are now a relatively larger part of total non-resident investment in Canada than formerly. In 1954 almost 6% of the total non-resident investment was made up of investments held in this group of countries, compared with some 2% in 1926. Much the largest part of the increase in investments by this group of countries has been in direct investments and in portfolio investments in industrial securities, as shown in statement 8 and in more detailed tables elsewhere in this report. While there has also been a relatively large increase in holdings of government and municipal bonds these remain a relatively small proportion of total investments held in these countries and only a very minor part of total Canadian bonds, either outstanding or held abroad.

The more detailed pattern of growth in non-resident investments and their place in Canadian industry is described more thoroughly in the analysis and comments which follow in this part of the report.

#### **Nature of Ownership and Control**

Investments of non-resident capital in Canada generally may be classified into two main groups—portfolio investments and direct investments. The distinction chiefly arises out of the nature of ownership and the two groups have characteristics which will be clarified in the discussions of each which follow.

Portfolio investments are typically scattered minority holdings of securities which do not carry with them control of the enterprises in which the investments occur. Usually securities are public issues such as bonds and debentures of governments, municipalities, and corporations and the stock of companies listed on stock exchanges, although less marketable issues may also constitute some parts of this type of investment. Direct investments on the other hand are those investments in business enterprises which are sufficiently concen-

trated to constitute control of the concerns. The nature of the classification is such that potential control is implied rather than an actual exercise of control over business policy, although the latter may be present as is usually the case. Direct investments are usually in the form of equity ownership. The investors supply the capital assuming the largest burden of risk, technical knowledge, and skills. The division of investments into the two groups is a useful form of analysis, but there may be exceptional border line instances of holdings contained in each which are not as representative of the characteristics shown by the more typical cases included.

#### **Portfolio Investments — (See Table VII)**

In general portfolio investments have a passive character in contrast to the more dynamic influences of direct investments. Much of Canadian development nevertheless has been financed by the borrowing abroad which constitutes such a large part of portfolio investments.

Portfolio investments made up a larger proportion of non-resident investments in Canada in earlier periods shown in this report than has been the case in the post-war period, being about two-thirds of investments in 1926 compared with well under one-half at present. And in the opening decades of the century the ratio was even higher. There has however, been a moderate growth in the total of the group with a considerable change in the type and location of the holdings. There have been increases in holdings abroad of stocks and government bonds along with reductions in railway securities. Increases in portfolio investments held in the United States and in continental Europe have more than offset a reduction in British portfolio holdings.

The predominance of non-resident holdings in railway securities and in government and municipal debt in earlier periods was a reason for this early pattern. Typical financing was through floating new issues of securities of Canadian governments and railways or other utilities abroad. As Canadian industry was still in the early stage of development, there were relatively limited opportunities for investing in corporate securities outside of the utilities field. And much of the industrial development which did occur was through the establishment of branch plants by non-resident concerns, and therefore was financed through direct investment channels. Portfolio investments in the securities of Canadian industrial concerns mainly arose in the earlier period through floatation of whole or parts of issues of securities in the United States or London. These were supplemented by some holdings acquired by non-resident investors through purchasing outstanding stocks or bonds in Canadian security markets. Later the trade in outstanding securities became a means through which portfolio holdings of Canadian securities broadened, particularly as the variety of Canadian issues of stocks available for this kind of investment increased.

In some periods very wide changes in ownership have also occurred in non-resident holdings of the domestic bonds of the Government of Canada. There has also been active trading from time to time in holdings of government and corporation bonds with foreign currency payment features. And in the period since 1950 there has again been a large growth in United States portfolio holdings of Canadian bonds arising from the new issues of securities being placed on the New York market or placed privately with institutions in that country.

This brief description of the origin of portfolio investments in Canadian securities indicates the circumstances in which these investments arise. In most cases the investments in the form of bonds arise from Canadian debtors borrowing abroad through the sale of new issues. To only a minor extent do the holdings arise from the original initiative coming from the lender. Because of the types of securities many of the investors abroad have been institutional investors. The prominent holdings of United States life insurance companies are described later in this part of the report under "Foreign Ownership of Canadian Funded Debt". There are also widely distributed holdings of stocks and bonds by individuals, corporations, and estates and trusts located throughout the United States and the United Kingdom and in many countries of Western Europe.

Many portfolio investments, particularly those in Canadian bonds payable in foreign currencies, tended to be held outside of Canada over long periods of time. These securities originally floated abroad have special features like the payment terms in a foreign currency such as United States dollars, which have tended to keep them in the market in which they were originally sold. There have, of course, been periods when there has been significant international trading in Canadian foreign currency bonds. This has more frequently been in issues with an option of payment in Canadian and foreign currency, although issues payable solely in United States dollars or sterling also constitute part of the trade. International trading in domestic bonds has also at times been of great importance. Inflows have been heavily concentrated in certain periods like 1945-46 and 1950 when there were unusual movements of United States capital into the domestic bonds of the Government of Canada. In the later period in particular speculative considerations were a prominent motivating factor and there were in subsequent years large withdrawals of the capital. Considerations related to changes in foreign exchange rates as well as interest rates have influenced this type of holding. The volatility of this group of investments is indicated by the contrast between the peak holdings in the United States in 1950 of some \$650 million of the domestic bonds of the Canadian government which by the end of 1955 had declined to less than \$250 million.

Another group of portfolio holdings has been subject to more volatile influences than the holdings of bonds payable in foreign currencies.

These are the holdings of stocks of Canadian companies. Most of these holdings are in issues which are listed on Canadian stock exchanges and are therefore marketable. Increasing numbers of issues of Canadian stock are being also listed on stock exchanges outside of Canada, thereby widening facilities for this kind of portfolio investment. Although there is more volatility to investment in stocks as is evident from the volume of trading there has been a general tendency for portfolio holdings of Canadian stocks to rise. A new factor which seems likely to contribute to this tendency is the interest in the United States in the long-run growth potentialities of Canadian stocks demonstrated by the number of diversified management investment companies established in 1954, and subsequently, to participate in this kind of investment.

United States portfolio investments in 1954 had a value of \$3,882 million, including Miscellaneous Investments. This represents about 40% of all investments in Canada owned in the United States and is more than double the value in 1926. An analysis of these investments is given in tables IV and VII. A broad outline of the investments are shown in statement 9. The growth has been general but has been most rapid in government and municipal bonds and in a great many stocks. Holdings of corporation bonds are only moderately higher partly due to a reduction in holdings of railway bonds.

The growth in investments in Canadian businesses has also been distributed over most fields of enterprise. Some of the sharpest rises have occurred in manufacturing and in mining and smelting, but direct investments by the United States in these industries are many times larger and more significant. In contrast, portfolio investments in railway securities are larger than direct investments in railways, but are now less than in either the pre-war period or in the early post-war period. Portfolio investments in other utilities, merchandise and financial institutions are all much larger than before the war, but are considerably smaller than direct investments in these types of business.

British portfolio investments in Canada which in 1926 were larger than those owned in the United States had by 1954 declined to little more than one-third of the United States portfolio investments. Most of this decline occurred during the period of repatriation in World War II, but this group of portfolio investments had not shown any important gains after 1926 and had by the beginning of the war been somewhat reduced. Following the large reductions arising from wartime financing there were further declines in the early post-war years. With the maintenance of controls over the export of capital from the United Kingdom there was a tendency for reductions to continue in this period. It has only been more recently that some modest increases have again occurred in this group of investments, although British direct investments



have risen significantly since 1949. Among factors affecting the recent revival in portfolio investments have been changes in official controls over capital movements. For example, in 1953 the authorities in the United Kingdom withdrew the restrictions on the switching abroad of Canadian securities following an agreement covering repayment of the Canadian interest free loan of 1942.

About one-half of British portfolio investments in Canadian securities continue to be in railway issues. But the proportion is less than before the war, as there was a concentration of repatriations in railway debt which together with Government of Canada bonds made up the largest part of investments sold back to Canadians in the course of the official repatriations. Holdings of securities of Canadian corporations have been widely distributed in companies in the wood and paper products industry, non-ferrous metals, chemicals, mining and smelting, and other utilities, as well as railways and financial institutions. The decline in the amount of portfolio investments in the chemical industry in 1954 is a reflection of a change of classification of some investments to the direct category as a result of a corporate reorganization in Canada. Stocks make up something over one-half of these investments. Investments in government and municipal bonds are much less than before the war. Government of Canada sterling debt was mostly repatriated and is now largely confined to the Newfoundland issue which was assumed by the Canadian Government in 1949. Sterling debt of other governments and municipalities has been sharply reduced through redemptions of maturing or called sterling issues as well as by some other forms of repatriation with no new major sterling issues to take the place of redeemed issues. Statistics on British portfolio investments will be found in tables IV and VII and some broad outlines in statement 7.

Portfolio investments in other countries are still small in comparison with those held in United Kingdom and United States, but have been growing rapidly in recent years, particularly since 1950. Countries of Western Europe are the sources of most of the investments.

The statistics shown in this report for countries other than the United Kingdom and United States are confined to holdings which can be directly attributed to investors in this group of countries. Not included are holdings through addresses or nominees in the United Kingdom or United States as these are generally indistinguishable from other securities held in those countries. Consequently the total of Canadian securities which are beneficially owned in continental Europe or elsewhere overseas is likely to be considerably more than shown in the statistics for the group "other countries", although holdings beneficially owned in the United Kingdom or United States would be correspondingly less.

Portfolio holdings held in other countries than the United Kingdom and United States have now almost four times the value of this group of investments in 1926 and constitute much more than one-half of the total investments in Canada held in these countries. The growth has been in both bonds and stocks and in the most recent four years shown the rise in value has been over two-thirds. Only a relatively small amount is invested in manufacturing and mining. More than one-half of the investments in business are in railways and other public utilities.

In addition to the portfolio holdings classified by industries and types of security investors in other countries have relatively large miscellaneous investments described below, some of which are investments in securities held in Canada through Canadian nominees.

#### Miscellaneous Investments

Investments described as Miscellaneous Investments are shown separately as details usually available do not permit classification by the same types of investment that are shown for portfolio and direct investments. The nature of ownership of many investments in this group is such that they are closely akin to portfolio investments. This applies to the investments in Canada of many private investment companies which have minority holdings of public issues of Canadian securities in their portfolios. Other investments held through Canadian nominees are usually of a similar character. Likewise some other forms of investment which are included are not accompanied by any aspect of control, such as mortgages and some estates and trusts. Many investments in real estate of a non-corporate character which are included may, however, have some of the features of direct investment.

Miscellaneous investments had a value in 1954 owned in the United States of \$302 million, \$137 million owned in the United Kingdom, and \$122 million owned in other countries. The total owned in the United States was broadly distributed between securities, mortgages, and real estate with other assets making up a minor part. A large part of the mortgages were held by United States insurance companies. In the case of both United Kingdom and other countries, securities made up the largest part with real estate representing the next largest category and relatively small amounts in mortgages and other assets.

#### Direct Investments—(See Table VI)

Direct investments by non-resident businesses have become a leading focal point for observing the impact of investment of external capital in Canada. These investments have been playing a most dynamic role in the recent period of acceler-

ated Canadian development. Their importance in some of the main areas of growth like resource industries and secondary manufacturing has given them a special significance. As is shown elsewhere in this report well over half of the increased investment in the last half-dozen years in the area of industry covered by manufacturing, mining and petroleum has been provided by non-resident capital, and most of this investment has been in concerns which are controlled outside of Canada.

It is clear that this group of investments is playing an important part in Canadian business and is likely to continue to increase in scope because of its predominance in areas of rapid growth. But at the same time this influence should not be exaggerated. Sight should not be lost of the fact that in many fields of Canadian business there is a predominance of Canadian-owned and controlled enterprises. This variability in the locus of control in the business and industrial structure of Canada stands out in the analysis of direct investments shown in this report. This variability appears in both the statistics of ownership and the special analysis of production.

The concept of control also needs to be carefully examined particularly before conclusions are drawn from the data. The category of direct investments shown here generally includes all concerns in Canada which are known to have 50% or more of their voting stock held in one country outside Canada. In addition a few instances of concerns are included where it is known that effective control is held by a parent firm with less than 50% of the stock. In effect this category includes all known cases of unincorporated branches of foreign companies in Canada and all wholly-owned subsidiaries, together with a number of concerns with a parent company outside of Canada which holds less than all of the capital stock. In addition there are a relatively small number of Canadian companies included in cases where more than one-half of their capital stock is owned in a single country outside of Canada where there is not a parent concern. These exceptional cases are confined to instances where control is believed to rest with non-residents.

The largest part of this group of investments is made up of wholly-owned subsidiaries of foreign concerns. In these cases the only shares owned in Canada are likely to be the qualifying shares of directors, and there seems little reason for questioning the existence of at least potential non-resident control of the policy of the subsidiary. The same applies even more to the unincorporated branches operating in Canada, but this particular group only makes up a small proportion of the total. As the remaining Canadian-controlled companies included are for the most part companies where a concern abroad has a substantial block of stock or where there is a known affiliation, the prospects of non-resident potential control also exist. But the interests of Canadian minority shareholders may

often influence company policies and decisions. The remaining concerns included are the Canadian public companies where there is no parent concern, but where more than one-half the stock is held in either the United States or the United Kingdom. The ways in which non-resident control might operate in these cases are open to more question than in the more typical examples described above.

Even though the instances of potential control seem well established it must be recognized that there will be many variations in the extent to which this factor may in fact operate. There may be more tendency for decisions of non-residents to affect policy in some areas than in others. The position of the management of the concerns in Canada will vary greatly from one company to another. As this is a field where statistical measurements may not be applied it is not the purpose of this report to explore the question of the ways in which, and the extent to which control may be exercised. But certain clear-cut influences which the existence of direct investment have on Canadian business should be pointed out.

Direct investments have been the means by which industrial techniques of more developed countries are introduced into Canada. This process in itself has the effect of introducing automatically a large measure of control over the policy of Canadian subsidiaries, particularly in manufacturing. Where the product is designed by the parent concern there is less scope for innovation on the part of the subsidiary. As United States direct investments play a leading part in the production of many durable goods in Canada this factor can be of paramount significance. The same situation applies in other relations between parent companies and subsidiaries, such as advertising programmes and scientific research.

In many cases the direct investment has been established in order to participate in the Canadian market. The existence of tariffs or other restrictions has been one influence but there are geographical and other reasons as well for the establishments of some subsidiaries close to markets. In some periods direct investments have been established in Canada to participate in other Commonwealth markets as well as in the Canadian market. This appears to have been a more common motive for establishment in some earlier periods than has been apparent in the last decade or so.

In other instances the Canadian subsidiary has been established to provide a source of raw materials for the parent concern. This applies to many industries including pulp and paper, chemicals, non-metallic minerals, non-ferrous metals, and iron ore mining, to name only a few. When the main purpose of the subsidiary is to provide materials required by the parent this has widespread effects on the policy and lines of development of the subsidiary and upon its potential markets.

## CANADA'S INTERNATIONAL INVESTMENT POSITION

Direct investments affect the course of Canadian development. As such basic decisions as those concerned with the establishment or expansion of non-resident controlled firms rest with the interest controlling them it is clear that the nature and direction of Canadian development are affected by the relationship.

Close business contacts between the Canadian and United States business communities arise out of the existence of so many related concerns which spread over so many parts of Canadian industry and commerce. These contacts arise in innumerable ways. Some have been suggested above in mention of various reasons for the establishment of subsidiaries. For example, subsidiaries producing similar types of product in Canada to those of the parent have access to technical know-how relating to the design, improvement, production, and sale of the product. Often the parent company or related suppliers will be the source of many imported materials and components used by the Canadian concern. Or where the Canadian subsidiary exists as a supplier of materials to the parent its operations are closely affected by the parent and this also gives rise to many kinds of contact between the two business communities. Some of the kinds of contact in the sphere of service as well as commodity trade are described in Part III of this report dealing with investments and the balance of payments.

Large parts of Canadian trade with the United States particularly arise out of the trade of United States controlled companies in Canada. While it is not possible to record all of this in a definitive way, there is enough suggested by various sources to indicate its important magnitudes. In the case of exports substantial parts of many of Canada's export supplies sold to the United States are produced in United States-controlled concerns, as for example is indicated by the 39% of Canadian production in United States-controlled companies in the pulp and paper industry shown elsewhere in this report. Substantial proportions of Canadian production of many metals and non-metallic minerals are also produced by United States-controlled mines and smelters. In many of these cases the principal markets are provided by parent concerns in the United States.

Likewise many Canadian imports are from parent companies or other related suppliers to United States-controlled companies in Canada. This is particularly noteworthy in such groups of imports as automobiles and parts, electrical apparatus, many types of machinery and industrial equipment and for such important raw materials as petroleum and chemicals.

### United States Direct Investments in Canada

The growth in United States direct investments in Canada has greatly accelerated in the five years from 1949 to 1954. The value has risen some 85%

from \$3,095 million in 1949 to \$5,740 million in 1954. In the earlier post-war years the rate of increase was much more moderate, the rise being close to one-third in the four years from 1945 to 1949. In the period before the war for which records are available the greatest change was the growth of 42% in value in the four years between 1926 and 1930.

Much of the recent growth has been due to the developments in the petroleum and mining industries. The petroleum industry alone accounts for almost \$1 billion of the rise of \$2.9 billion in United States investments between 1945 and 1953 and most of this has occurred since 1949. Mining, apart from petroleum, accounts for \$362 million of the rise between 1945 and 1953. The increase to 1953 in manufacturing other than petroleum refining has been \$1,238 million, or more than the total investment in that area of industry in 1945. Most of the remaining increase has been in direct investments in merchandising and financial institutions. The largest gains in direct investments in manufacturing apart from petroleum refining, has been in such industries as pulp and paper, automobiles, machinery, electrical apparatus, smelting and refining, and chemicals. But most other branches of industry have also shared in the general rise although they account for lesser amounts.

The rise in investments has been due partly to the establishment or purchase of new investments in Canada and partly to the expansion in existing concerns. Although an accurate division of the aggregate investment figures which would show these two groups of changes is not available, it is clear that the largest growth has been in United States-controlled concerns which were in Canada at the beginning of the post-war period. The growth in existing investments since the end of the war has made up well over one-half of the rise in total United States-controlled investments. A rise due to retention of earnings in Canada alone has not been far short of one-half the investment and substantial amounts of capital inflow have been to the older companies.

While there have been a considerable number of existing Canadian owned and controlled firms bought by United States interests in recent years the amount of capital involved has been only a relatively small part of the growth in United States direct investments. But this type of development does of course usually have significant effects on the structure of industry.

The net number of new establishments controlled in the United States may be deduced from statistics on the number of Canadian concerns controlled abroad. The number of concerns controlled in the United States has risen from 1,985 in 1945 to 3,235 in 1953 and 3,361 in 1954. More details on the number of concerns will be found in table XII. Although there has been this large increase in the number of concerns controlled, it should be pointed out that the initial investment in many of these is small.

To assist in assessing the place occupied by non-resident-controlled firms in Canadian industry certain supplementary studies have been made and are presented in detail elsewhere in this report. Among these is the study of production and employment in the larger manufacturing concerns controlled in the United States. The study is confined to concerns in which the investment is \$1 million or more but these concerns make up more than nine-tenths of the investment in all companies controlled in the United States, as there is a high concentration of investments in the larger enterprises. Consequently the proportions of Canadian manufacturing in these larger United States-controlled concerns are generally indicative of the ratios for all United States-controlled concerns in most branches of Canadian manufacturing shown. Among the striking facts brought out by the detailed study which follows are the high proportion of Canadian manufacturing in United States-controlled concerns and the increases which occurred between 1946 and 1953, the two years for which data on production are available. This proportion has risen from 22% in 1946 to 30% in 1953. A generally comparable

study for the year 1932 indicated a somewhat lower proportion at that time. An even higher percentage occurs in the Province of Ontario where some 40% of the manufacturing production in 1953 was in the larger concerns controlled in the United States. As a considerable number of the smaller concerns are also located in that province the ratio of production in all United States-controlled concerns there would likely be appreciably in excess of 40%.

Other striking facts revealed by the study are the wide variations in the ratios of non-resident control in different industries, and the high concentration of investment in a small number of large concerns. For example, nearly one-half of the number and much more than one-half of the value of manufacturing concerns in Canada with an investment of more than \$25 million at the end of 1953 were controlled outside Canada, as is shown in statement 11. The 25 enterprises controlled in the United States accounted for well over half of the total investment in manufacturing concerns controlled in the United States as is shown by statement 24.

**STATEMENT 11. Control of Manufacturing Companies in Canada with an Aggregate Investment of \$25 million or more, End of 1946 and 1953<sup>1</sup>**

Classification	End of 1946		End of 1953	
	Number of Enterprises	Aggregate Investment \$ million	Number of Enterprises	Aggregate Investment \$ million
Canadian controlled.....	11	484	31	1,763
United States controlled .....	12	726	25	2,150
United Kingdom controlled .....			4	243
<b>All enterprises</b> .....	<b>23</b>	<b>1,210</b>	<b>60</b>	<b>4,156</b>

1. Since the date of the statement control of several companies with an aggregate investment in 1953 of some \$85 million has changed from Canadian to non-resident interests.

There are certain aspects of the ownership of foreign controlled companies which should be elucidated. As already indicated not all of the capital invested in this group of companies is owned by parent concerns abroad. Some of the securities may be owned in Canada or by investors in other countries abroad than the country of control. Such minority holdings of stocks or of bond issues have a high aggregate value. In 1954 investments in the United States-controlled companies owned by investors residing in Canada or in countries other than the United States had a value of \$1,600 million as is shown in table X. Of this total \$1,377 million was owned in Canada, \$179 million in the United Kingdom, and \$44 million in other countries. Somewhat more than half of the Canadian

minority investments were in stocks, and the remainder was made up of bonds. Table XI shows that at the end of 1953 Canadians held directly some part of the common stock equity of 24% of all the United States-controlled enterprises in Canada. In 10% of the cases Canadian participation represented one-quarter or more of the equity. In the main these holdings represented minority Canadian partnership rather than actively traded media for portfolio investment. These figures are exclusive of investments which were owned by investors in the United States other than parent companies, a minority group of investments which cannot readily be segregated. Besides scattered minority holdings of stocks in the United States by non-controlling investors a major part of the \$610 million bonds of

this group of companies held in the United States were held by investors who were independent of the parent companies.

The existence of such large minority investments in companies controlled in the United States means that the total value of capital controlled by the investors in the United States is much larger than the capital owned by the controlling interests. Thus, the total investment in companies controlled in the United States was \$7,340 million in 1954 although the value of the United States owned investments in the same group of companies was \$5,740 million.

Likewise in the case of companies controlled in the United Kingdom or in other countries there are appreciable minority investments owned in Canada or elsewhere outside of the country of control. For this reason British-controlled concerns in Canada had a total value of \$981 million in 1954, although the value of British investments in this group of companies was \$735 million. At the same time total investments in companies controlled in other countries than the United Kingdom or the United States was \$288 million, although the investment owned in these concerns by other controlling countries was \$220 million. In both cases most of the minority capital was owned in Canada although some securities were also owned elsewhere.

#### **British Direct Investments in Canada**

The largest and most significant growth in investments of British capital in Canada for many decades has occurred recently in direct investments in concerns controlled in the United Kingdom. Most of this has occurred since 1949. By the end of 1954 the value had risen by much more than one-half with large parts of the gains in 1953 and 1954. But British direct investments are still only about one-eighth of the size of United States direct investments, and the number of concerns controlled in the United Kingdom is about one-quarter of the number of United States-controlled concerns as the average size is considerably smaller.

In some types of business British direct investments are of considerably more importance than in others. While there are some large concerns which occupy predominant places in their respective industries, this is not the case with the more typical firms constituting the great majority of the concerns controlled in the United Kingdom. In the more typical cases the establishments are relatively small and this applies to the new establishments of recent years as well as to concerns with a longer history in Canada. One reason for the number of smaller establishments in the British total is the high proportion of investments in merchandising. Likewise many of the manufacturing establishments are relatively small being often engaged in assembling and secondary manufacturing industries rather

than in the large basic industries of Canada. There is also a tendency for the few larger units to be in the consumer goods industries rather than in the durable goods industries, although there are important exceptions to this tendency.

The apparent motives behind the establishment of many British direct investments have probably been a leading influence on these characteristics of British investment in Canada. In many typical cases the purpose seems to have been to facilitate the participation of British export industries in the Canadian market. The relative importance of merchandising establishments illustrates one way in which this is done. In other cases the branch or subsidiary in Canada only engages in later stages of manufacture. But there are some industries where the degree of manufacture in Canada is high. Less numerous are instances of investments in basic industries founded to provide sources of raw material for parent concerns or established to participate in resource development. The latter types of investment, usually in very large units, has been typical of much of the growth in United States direct investments in Canada in recent years. But very recently there have been a few examples of new British investments in resource development such as in petroleum and mining, but these are small in comparison with the more widespread undertakings of United States concerns in these fields. There have also been several large investments in the field of heavy industry.

The growth in British direct investments in Canada in the period shown in this report has chiefly been in manufacturing and merchandising. Very little change occurred in utilities or in mining and petroleum up to the end of 1954. The growth in manufacturing has been distributed among industries producing vegetable products, textiles, wood and paper products, non-metallic minerals, and chemicals. There are some particularly large British direct investments in such industries as tobacco, synthetic textiles, pulp and paper, machinery, aircraft, and chemicals. The rise in investments in chemicals in 1954 is partly a reflection of a change in classification of some investments from the portfolio to the direct category. There are also some prominent British-controlled units in merchandising and among financial institutions as well as in mining. An increase in investments shown in statistics for 1949 is partly due to the inclusion of investments in Newfoundland in the Canadian total for the first time in that year.

#### **Direct Investments of Countries other than United Kingdom and the United States**

Direct investments in Canada by countries other than the United Kingdom and the United States make up about one-third of the total investments by this group of countries in Canada, but are only about 3% of all foreign direct investments in Canada. This group of direct investments, however,

has been growing more rapidly than either British or United States direct investments in Canada. The value is now well over three times the value at the end of World War II and more than five times that in 1926.

There is a considerable dispersal of the ownership among a number of countries. Most of the parent companies are located in the countries of Western Europe with only a small number in other continents.

Originating from so many sources there is no very discernable pattern of this group beyond some similarity with British direct investments. Traditionally most of the investments have been in secondary manufacturing, merchandising, and financial institutions. But relatively less has been in the manufacturing of consumer goods than in the case of British investments. Recently there have been some new ventures into primary and heavy industry and urban real estate. The expansion has been generally distributed over many types of business but about one-half of the total invested was in financial institutions at the end of 1954. The latter group includes some private investment companies and holding companies known to have

controlling interests in manufacturing concerns and real estate. But the group also comprises controlling interests of concerns engaged in insurance, banking, mortgage loans, and investment. Almost one-half the investments shown in manufacturing are in the non-metallic mineral industries which include petroleum refining and distribution, and the manufacture of cement.

#### Financial Structure and Form of Ownership

For purposes of analysis it has been convenient in earlier sections to classify international investment broadly on the basis of the creditor and debtor — public or private — and of the nature of the investment — debt or equity, and direct or portfolio. A further interesting division may be made on the basis of the form of the investment. In statement 12 figures are shown separately for foreign holdings of government and municipal bonds, and for investment in Canadian corporations and in other forms. Investment in Canadian corporations includes the investment of non-residents in 2,946 companies controlled outside Canada, 766 wholly-owned subsidiaries of these companies, and as minority investors in many Canadian controlled companies.

**STATEMENT 12. Foreign Long-Term Investment in Canada, Classification by Form, 1926, 1945, 1954**  
(Billions of dollars)

Form	1926 Total	1945 Total	1954			
			Total	United States	United Kingdom	Other Countries
Government and municipal bonds .....	1.4	1.7	2.1	1.8	0.1	0.1
Canadian corporations .....	4.1	4.8	8.7	6.5	1.8	0.5
Unincorporated branches of foreign corporations.....	0.2	0.4	1.1	1.0	0.1	—
Miscellaneous investment .....	0.3	0.3	0.6	0.3	0.1	0.1
<b>Total.....</b>	<b>6.0</b>	<b>7.1</b>	<b>12.5</b>	<b>9.6</b>	<b>2.1</b>	<b>0.7</b>

N.B. Because of rounding, totals may not equal the sums of components.

Unincorporated branches in Canada of foreign corporations numbered 769. Foreign capital is invested directly or indirectly in between 6,000 and 7,000 companies or in nearly one of every ten active Canadian corporations. A classification of foreign-controlled companies by industry and country appears in table VI. Other data on the structure and form of investment appear in various other tables and statements in this report.

Additional information on the financial structure and organization of United States direct investment in Canada is available from a recent census taken in the former country<sup>1</sup>. Some of the detail is given

1. Foreign Investments of the United States, United States Department of Commerce, Office of Business Economics, 1953.

in statement 13 and it reflects the varying institutional background in different areas of United States investment. The data are expressed in terms of percentages in the form of a consolidated balance sheet including gross assets and liabilities. The figures indicate that nearly 80% of the total assets of United States controlled enterprises in Canada were held by Canadian corporations; aside from insurance and similar financial enterprises, only 4% of the total assets were held by unincorporated branches in Canada of foreign corporations. The prevalence of corporations formed in the country

of investment, is even more striking in the case of Western Europe and its dependencies, but in the case of less highly developed economies the branch form of organization is relatively more common. The relative importance of the unincorporated branch has grown since the census was taken because of large investments in petroleum exploration and development through unincorporated branches in Canada of United States oil companies. The United States report discusses the fiscal, legal, and institutional reasons for variations between different countries and industries.

STATEMENT 13. Financial Structure and Form of Organization of United States Direct Investment - 1950

	Canada	Latin American Republics	All Countries	Percentage of Canada to all Countries
	Percentage distribution			
<b>Assets:</b>				
<b>Current:</b>				
Non-financial companies.....	43	32	40	33
Financial and insurance.....	21	9	14	45
<b>Fixed.....</b>	32	53	40	24
<b>Other.....</b>	4	6	6	23
<b>Total.....</b>	100	100	100	30
<b>Liabilities:</b>				
<b>U.S. Investment:</b>				
Equity capital.....	44	53	45	30
Creditor capital.....	9	11	8	31
<b>Sub-total<sup>1</sup>.....</b>	53	64	53	30
Other owners' investment.....	15	4	10	43
<b>All other liabilities and reserves:</b>				
Non-financial companies.....	16	23	24	21
Financial and insurance.....	16	9	13	37
<b>Total.....</b>	100	100	100	30
<b>Corporate Structure (percentage of assets)</b>				
Subsidiaries and controlled companies.....	79	55	69	34
<b>Unincorporated branches:</b>				
Non-financial companies.....	4	36	18	7
Financial and insurance.....	17	9	13	42
<b>Total.....</b>	100	100	100	30

Note: This table is derived from data appearing in "Foreign Investments of the United States", Department of Commerce, Office of Business Economics, 1953. The basis of compilation differs somewhat from that used in Canadian statistics.

1. Figures include investment of non-affiliated U.S. owners amounting to 11% in the case of Canada, 3% in the case of Latin American Republics, and 5% in the case of all countries.

Some interesting sidelights on the structure of United States direct investment in Canada is also evident from the statement. These data indicate that some 11% of the gross assets of United States controlled enterprises in Canada were represented in 1950 by the interest of United States investors other than parent companies. These interests take the form of controlling groups of individual shareholders, minority shareholders, and holdings of bonds, debentures, and notes, by the public and by financial institutions. In addition to these non-affiliated United States interests, some 15% of the gross assets in 1950 were represented by the

investment of non-United States owners. In the main these investments take the form of portfolio holdings by Canadians in the funded debt or capital stock of Canadian corporations controlled in the United States.

About 21% of the total assets are those of United States financial and insurance enterprises. This percentage is indicative of the important insurance business carried on in Canada by such companies, and the assets are to a considerable extent offset by liabilities of the Canadian branches to Canadian policyholders.

## Proportions of Foreign Ownership and Control

## Foreign Ownership of Canadian Industry

The relative contribution of resident and non-resident capital to the total capital employed in the various broad sectors of Canadian industry can be derived from the estimates shown in statements 14 and 15. These have been constructed to cover all the forms of investment in industry into which foreign capital is invested, along with estimates of corresponding resident owned investments. This approach to the question of the contributions of resident and non-resident capital to net investment in these industries takes into account the various forms which investment may take on, and is the value of investments after allowances for deprecia-

tion and depletion used by companies in their financial statements. The resulting data therefore provide a measure of the net capital investment in the industries shown including investments in inventories and other working capital, land, and other assets, as well as in the physical assets which would arise from expenditures on new construction and for machinery and equipment. Thus the data cover investment in a broader sense than the annual statistical series on capital expenditures included in Private and Public Investment in Canada. For the period before World War II the series originates in a different source, statistics of "capital employed", but it also is a general reflection of the various types of asset covered in

**STATEMENT 14. Control of Estimated Capital Employed in Selected Canadian Industries,  
Selected Year Ends, 1926-1953**

(Billions of dollars)

	1926	1930	1939	1948	1953
<b>Total Capital Employed<sup>1</sup></b>					
Manufacturing <sup>2</sup> .....	3.1	3.9	3.5	5.8	9.0
Mining and smelting <sup>2</sup> .....	0.6	0.8	0.8	1.1	2.5
Steam railways.....	3.5	4.0	3.4	3.4	3.9
Other utilities.....	1.3	1.7	2.1	2.4	4.8
Merchandising <sup>3</sup> .....	2.1	2.5	2.1	3.1	5.3
<b>Total of above</b> .....	<b>10.6</b>	<b>12.9</b>	<b>11.9</b>	<b>15.8</b>	<b>25.5</b>
<b>Total Canadian and External Investment in All Companies Controlled Outside of Canada</b>					
Manufacturing <sup>4</sup> .....	1.1	1.4	1.3	2.5	4.5
Mining and smelting.....	0.2	0.3	0.3	0.4	1.4
Steam railways.....	0.1	0.1	0.1	0.1	0.1
Other utilities.....	0.3	0.5	0.6	0.6	0.6
Merchandising.....	0.1	0.2	0.2	0.3	0.5
<b>Total of above</b> .....	<b>1.8</b>	<b>2.5</b>	<b>2.5</b>	<b>3.9</b>	<b>7.1</b>
<b>Total Canadian and External Investment in Companies Controlled in the United States</b>					
Manufacturing <sup>4</sup> .....	0.9	1.2	1.1	2.2	3.8
Mining and smelting.....	0.2	0.3	0.3	0.4	1.4
Steam railways.....	0.1	0.1	0.1	0.1	0.1
Other utilities.....	0.2	0.5	0.6	0.6	0.5
Merchandising.....	0.1	0.1	0.1	0.2	0.4
<b>Total of above</b> .....	<b>1.5</b>	<b>2.2</b>	<b>2.2</b>	<b>3.5</b>	<b>6.2</b>

1. Based largely on reported statistics of capital employed 1926-1939 and estimated from Taxation Statistics and other sources 1948 and 1953. (See Statistical Notes).

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

3. Estimates of total capital employed in merchandising are founded on less satisfactory data than for other series and must be regarded as illustrating broad relative magnitudes only.

4. "Other enterprises" have been included with manufacturing.



**STATEMENT 15. Estimated Book Value and Ownership of Capital Employed in Selected Canadian Industries, Selected Year Ends, 1926-1953**

(Billions of dollars)

	1926	1930	1939	1948	1953
<b>Resident Owned Capital<sup>1</sup></b>					
Manufacturing <sup>2</sup> .....	1.9	2.3	2.0	3.4	4.9
Mining and smelting <sup>2</sup> .....	0.4	0.5	0.5	0.7	1.1
Steam railways.....	1.6	1.7	1.5	1.9	2.5
Other utilities.....	0.9	1.1	1.5	1.9	4.0
Merchandising <sup>3</sup> .....	1.9	2.3	1.9	2.8	4.7
<b>Total of above.....</b>	<b>6.7</b>	<b>7.9</b>	<b>7.4</b>	<b>10.7</b>	<b>17.2</b>
<b>Non-Resident Owned Capital<sup>4</sup></b>					
Manufacturing.....	1.2	1.6	1.5	2.4	4.1
Mining and smelting.....	0.2	0.3	0.3	0.4	1.4
Steam railways.....	1.9	2.3	1.9	1.5	1.4
Other utilities.....	0.4	0.6	0.6	0.5	0.8
Merchandising.....	0.2	0.2	0.2	0.3	0.6
<b>Total of above.....</b>	<b>3.9</b>	<b>5.0</b>	<b>4.5</b>	<b>5.1</b>	<b>8.3</b>
<b>United States Owned Investments<sup>4</sup></b>					
Manufacturing.....	0.9	1.3	1.2	2.0	3.4
Mining and smelting.....	0.2	0.3	0.2	0.4	1.3
Steam railways.....	0.5	0.8	0.6	0.7	0.6
Other utilities.....	0.3	0.5	0.5	0.4	0.7
Merchandising.....	0.1	0.1	0.1	0.2	0.4
<b>Total of above.....</b>	<b>2.0</b>	<b>3.0</b>	<b>2.6</b>	<b>3.7</b>	<b>6.4</b>

Note: For corresponding figures of book value of all capital employed in these industries see statement 14.

1. Based largely on reported statistics of capital employed 1926-1939 and estimated from Taxation Statistics and other sources 1948 and 1953. (See Statistical Notes).

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

3. Estimates of total capital employed in merchandising are founded on less satisfactory data than for other series and must be regarded as illustrating broad relative magnitudes only.

4. For the post-war years the figures shown are in some cases somewhat larger than the corresponding data in the tables. "Other enterprises" have been included with manufacturing, and some funded debt of governments and municipalities relevant to undertakings in "Other utilities" has also been included.

the more recent period and is after the deduction of allowances for depreciation. In order to assess the contribution of non-resident capital it is necessary to cover all of these forms of investment since investments of non-resident capital are not confined to new physical productive assets used in determining capital formation for some purposes.

The comparisons of resident and non-resident investments shown in statements 14 to 19 are confined to areas of Canadian industry for which estimates of the total capital invested can be built up. Included are manufacturing, mining, smelting, and petroleum exploration and development, steam railways, other public utilities and merchandising establishments. These represent the broad area of Canadian industry and commerce and it is possible to estimate the approximate amount of the total capital invested in this field from a variety of sources described in the statistical notes. In some branches of business, particularly merchandising establishments, a larger element of estimation enters than in others. As the various data on total

investments are not available as early as statistics on non-resident investments, the ratios of ownership and the figures of total capital employed and resident-owned capital which are shown do not go beyond 1953.

It should be emphasized, however, that there are large areas of investment in Canada which cannot be measured in this manner. Consequently the ratios of ownership and control shown in statements 14 to 19 are not representative of the ownership and control of the national wealth of Canada which would also include such forms of assets as agriculture, residential real estate, and other forms of personal property and other instances of government and private property lying outside of the sphere of industry and public utilities. Canadian ownership represents a high proportion of these forms of investment. There are also substantial investments abroad owned by Canadians which have to be taken into a calculation of the national wealth. But information available on some of the

above elements of the national wealth is not sufficient to make feasible a definitive calculation at this time.

### Rates of Growth

The comparisons in the growth of non-resident and resident-owned investments in Canadian industry in statements 15 and 16 show the concentration of growth in the most recent period of rapid development from 1948 to 1953 covered in the accompanying statements. Two-thirds of the increased investment between 1926 and 1953 has occurred in this recent period of five years and contrasts particularly with the thirteen years 1926 to 1939 when less than

one-tenth of the increase occurred. This latter result was partly due to declines in the values of investments between 1930 and 1939. In the four years ending in 1930 shown in the statements the increase in total investment was about one-quarter of the increase in the recent period from 1948 to 1953.

In the recent period of concentrated increase non-resident-owned investments made up about one-third of the total rise in all industries, compared with just under one-half in the four years ending in 1930. But the contribution of non-resident capital was greatest in manufacturing and mining which include petroleum refining and exploration and

**STATEMENT 16. Estimated Change in Book Value and Ownership of Capital Employed in Selected Canadian Industries, Selected Periods, 1926-1953**

	Net Change in			Per Cent Change in Period		
	Total Capital Value <sup>1</sup> of change	Non-Resident-Owned Value of change	Resident-Owned Value <sup>1</sup> of change	Total <sup>1</sup> Capital	Non-Resident Owned	Resident- <sup>1</sup> Owned
	(Billions of dollars)			%	%	%
<b>Net Change in Investments 1926-1953</b>						
Manufacturing .....	+ 5.9	+ 2.9	+ 3.0	+ 186	+ 240	+ 153
Mining and smelting .....	+ 1.9	+ 1.2	+ 0.7	+ 324	+ 549	+ 193
Steam railways .....	+ 0.4	- 0.5	+ 0.9	+ 10	- 27	+ .55
Other utilities .....	+ 3.5	+ 0.4	+ 3.1	+ 281	+ 103	+ 364
<b>Total - All Industries<sup>2</sup> .....</b>	<b>+ 14.9</b>	<b>+ 4.4</b>	<b>+ 10.5</b>	<b>+ 140</b>	<b>+ 112</b>	<b>+ 157</b>
<b>Net Change in Investments 1926-1939</b>						
Manufacturing .....	+ 0.4	+ 0.3	+ 0.1	+ 11	+ 23	+ 3
Mining and smelting .....	+ 0.2	+ 0.1	+ 0.1	+ 38	+ 49	+ 32
Steam railways .....	- 0.1	-	- 0.1	- 4	- 1	- 8
Other utilities .....	+ 0.8	+ 0.2	+ 0.6	+ 70	+ 44	+ 82
<b>Total - All Industries<sup>2</sup> .....</b>	<b>+ 1.3</b>	<b>+ 0.6</b>	<b>+ 0.7</b>	<b>+ 12</b>	<b>+ 15</b>	<b>+ 11</b>
<b>Net Change in Investments 1948-1953</b>						
Manufacturing .....	+ 3.2	+ 1.7	+ 1.5	+ 55	+ 70	+ 44
Mining and smelting .....	+ 1.4	+ 1.0	+ 0.4	+ 133	+ 235	+ 67
Steam railways .....	+ 0.5	- 0.1	+ 0.6	+ 15	- 5	+ 30
Other utilities .....	+ 2.4	+ 0.3	+ 2.1	+ 95	+ 61	+ 103
<b>Total - All Industries<sup>2</sup> .....</b>	<b>+ 9.7</b>	<b>+ 3.2</b>	<b>+ 6.5</b>	<b>+ 61</b>	<b>+ 62</b>	<b>+ 60</b>

1. The above changes in Total Capital and Resident Owned Capital are estimates subject to reservations described in Statistical Notes.

2. Including estimates of merchandising.

development. In these areas of investment development non-resident ownership covered an estimated 58% of the total rise in investment. The leading areas of resident investment in contrast were in public utilities and merchandising, although a considerable portion of the total went into manufacturing.

An important element in the rise in investments by non-residents in manufacturing and mining has been the rapid growth in the Canadian petroleum industry. But even when this industry is eliminated it appears that non-residents have contributed around one-half of the increased investment in other

manufacturing and over two-thirds of other mining as shown in statement 17. In the period of concentrated development the rise in non-resident owned investment in those parts of the petroleum industry classified under manufacturing and mining (refining and exploration and development) was of the order of \$0.8 billion. The remaining increase of \$1.9 billion in other mining and manufacturing was divided between some \$1.4 billion in manufacturing and \$0.5 billion in mining and compares with increases in resident investments in manufacturing and mining of some \$1.3 billion and \$0.2 billion respectively in the same period exclusive of petroleum refining and exploration and development.

**STATEMENT 17. Estimated Net Change in Investments, 1948-1953**  
(Billions of dollars)

	Total Capital	Non-Resident Owned	Resident Owned
Petroleum industry <sup>1</sup> .....	+ 1.2	+ 0.8	+ 0.4
Other mining and smelting .....	+ 0.7	+ 0.5	+ 0.2
Other manufacturing .....	+ 2.7	+ 1.4	+ 1.3
<b>Total of above</b> .....	<b>+ 4.6</b>	<b>+ 2.7</b>	<b>+ 1.9</b>
Per cent of total capital .....	100%	58%	42%
Steam railways, other utilities and merchandising .....	+ 5.1	+ 0.5	+ 4.6
Per cent of total capital .....	100%	9%	91%
<b>Total Investment in Industry</b> .....	<b>+ 9.7</b>	<b>+ 3.2</b>	<b>+ 6.5</b>
Per cent of total capital .....	100%	33%	67%

1. Includes refining and exploration and development but excludes pipelines, other transportation and merchandising.

N.B. The above changes in Total Capital and Resident Owned Capital are estimates subject to reservations described in Statistical Notes on "Estimated Values of Total Capital and Resident-Owned Capital".

The distribution of non-resident investments in the various branches of Canadian manufacturing is shown in detail in tables V to VII.

The high rates of growth in investments are revealed in the percentages of change shown for various periods in statement 16. In each branch of industry except steam railways there has been a sharp rise in capital employed in both the longer period 1926 to 1953 and the more recent period from 1948 to 1953. In both periods non-resident capital investments rose much more rapidly in manufacturing, mining and smelting than did capital owned by residents. The rate of increase in non-resident capital invested in merchandising was

also greater than the rise in resident investments indicated by the limited data on total capital available for this field. In the case of steam railways resident capital showed a rise while non-resident capital fell and in other utilities the amount of rise was much greater in resident-owned capital than in non-resident capital in both periods.

In the period 1926 to 1939 which includes some years of very low investment, increases were much more moderate in the branches of industry where they occurred. In this period also non-resident investments in manufacturing, and in mining and smelting rose more rapidly than resident investments, while the opposite was the case with utilities other than railways.

## Ratios of Ownership and Control of Major Industries

The effect of these changes upon the ratio of non-resident ownership between 1948 and 1953 has been that while the percentage of non-resident ownership of all industry and merchandising was unchanged at some 32% this was due to opposite trends in the ratios of ownership in the various branches of industry and commerce as shown in statement 18. The proportion of non-resident owner-

ship rose in manufacturing from 42% to 47% between 1948 and 1953 and in mining, which includes smelting and petroleum exploration and development companies, the rise was from 39% to 56%. In the spheres of steam railways and other public utilities there were reductions in non-resident ownership from 45% to 37% in the case of railways and from 20% to 17% for other utilities.

**STATEMENT 18. Non-Resident Ownership as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926-1953**

Industry classification	1926	1930	1939	1948	1951	1952	1953
Percentage of total owned by all non-residents:							
Manufacturing <sup>1</sup> .....	38	40	42	42	44	46	47
Mining, smelting and petroleum exploration and development <sup>1</sup> .....	37	44	40	39	51	54	56
Steam railways .....	55	56	57	45	40	38	37
Other utilities .....	32	36	27	20	18	18	17
<b>Total of above industries and merchandising .....</b>	<b>37</b>	<b>39</b>	<b>38</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>
Percentage of total owned by United States Residents:							
Manufacturing <sup>1</sup> .....	30	33	34	35	36	38	38
Mining, smelting and petroleum exploration and development <sup>1</sup> .....	28	34	31	32	45	49	52
Steam railways .....	15	21	18	21	18	17	16
Other utilities .....	23	30	20	16	16	16	15
<b>Total of above industries and merchandising .....</b>	<b>19</b>	<b>24</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>25</b>

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

These changes have generally been greatest in investments owned in the United States and the ratios of United States ownership have moved in similar directions in the various branches of industry. The rise in United States ownership in the whole field of industry has been sufficient to raise the ratios of ownership from 23% in 1948 to 25% in 1953, in contrast to the stability of the ratio of all non-resident ownership in this period.

In contrast the ratio of non-resident ownership in all industry and merchandising in 1926 was higher, being 37%, whereas at that time United States ownership only accounted for 19%. The trends in the ratios of ownership in the various sectors of industry have been in a similar direction to those between 1948 and 1953 but the changes during the 27 years covered from 1926 to 1953 have been greater.

The rise in the ratio of non-resident ownership between 1926-1953 has been from 38% to 47% in manufacturing and from 37% to 56% in mining, smelting, and petroleum exploration and development companies. The drop in the non-resident

ownership of steam railways from 55% to 37% was accentuated by the repatriations of railway securities which occurred during the wartime period. The decline in other utilities of from 32% to 17% has also been much more than the reduction since 1948.

Non-resident ownership of all Canadian industry in 1930 of 39% represented a higher proportion of ownership than in 1926 and remained at approximately the same level at the beginning of World War II.

The rising proportion of ownership in manufacturing and mining has been largely through a growing ownership of equity investments by non-resident-controlled companies in productive resources. An important part of the declining ratio of non-resident investments in Canadian railways and utilities has been due to reduced indebtedness to non-residents in the form of bonds in fields of investment in which funded debt is large. The great rise in Canadian ownership of Canadian bonds and debentures is described later in this part of the report.

The same pattern is generally characteristic of the percentages of capital employed in concerns controlled outside Canada, shown in statement 19. These differ from ratios of ownership, of course, mainly because, as explained elsewhere, of minority investments both by Canadians and non-residents other than controlling groups. A comparison of the ratios of control with the corresponding figures of ownership, however, will reveal the very great growth in the relative importance in Canadian industry of foreign-controlled concerns. Whereas non-resident ownership fell from 37% in 1926 to 32% in 1953, the percentage covered by non-resident controlled companies rose from 17% to 28%. In manufacturing foreign control rose from 35% to 50%,

and in mining from 38% to 57%. In each of these cases the minority investments in foreign controlled companies exceeding foreign investment in Canadian controlled concerns and consequently the ratios of foreign control are higher than those of foreign ownership. Non-resident control of Canadian steam railways and other utilities, on the other hand, has been falling and amounted at the end of 1953 to only 2% and 12% respectively. These ratios compared with corresponding percentages of ownership of 37% and 17%. Developments within the utilities group as a whole have been influenced both by publicly-owned enterprises and by a relatively greater reliance on domestic capital in the privately owned sector.

**STATEMENT 19 Non-Resident Control as a Percentage of Selected Canadian Industries  
Selected Year Ends, 1926-1953**

Industry classification	1926	1930	1939	1948	1951	1952	1953
Percentage of total control by all non-residents:							
Manufacturing <sup>1</sup> .....	35	36	38	43	47	50	50
Mining, smelting and petroleum exploration and development <sup>1</sup> .....	38	47	42	40	53	56	57
Steam railways .....	3	3	3	3	3	2	2
Other utilities .....	20	29	26	24	22	12 <sup>2</sup>	12
<b>Total of above industries and merchandising .....</b>	<b>17</b>	<b>20</b>	<b>21</b>	<b>25</b>	<b>27</b>	<b>27</b>	<b>28</b>
Percentage of total control by United States Residents:							
Manufacturing <sup>1</sup> .....	30	31	32	38	40	43	43
Mining, smelting and petroleum exploration and development <sup>1</sup> .....	32	42	38	37	51	53	55
Steam railways .....	3	3	3	3	2	2	2
Other utilities .....	20	29	26	24	21	12 <sup>2</sup>	11
<b>Total of above industries and merchandising .....</b>	<b>15</b>	<b>18</b>	<b>19</b>	<b>22</b>	<b>24</b>	<b>24</b>	<b>24</b>

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

2. Ratio altered significantly through unusually large reclassification between foreign and Canadian-controlled companies.

#### Ratios of Ownership and Control of Selected Industries

Some additional details on the ownership and control of Canadian industry are provided in statement 20. Covered in the analysis are the Canadian manufacturing and mining industries including the petroleum industry in all its forms.

Ratios of non-resident ownership are higher in the petroleum industry than in either "other mining" or "other manufacturing" as a whole and continue to grow significantly from year to year. Non-resident ownership of 59% in 1953 was largely in the United States and more than two-thirds of the total capital was controlled in that country. A separate note on

the petroleum industry appears below, with table VIII showing more details of investments than appear in statement 20.

The mining industry, excluding petroleum, is another branch of Canadian industry in which Canadian ownership is now less than one-half of the total. In 1953 Canadians owned an estimated 41% of the capital employed in mining and controlled about 45%. United States investments represented some 50% of the estimated total capital and controlled some 53% of that total. Investments owned in the United Kingdom and other countries made up about 6% and 3% respectively of the total,

## STATEMENT 20. Ownership and Control of Selected Canadian Industries — 1953

No.	Company Classification	Estimated Total Investment	Investment owned in:			
			Canada	United States	United Kingdom	Other Countries
			(millions of dollars)			
	<b>Petroleum</b>					
1	Exploration & Development.....	900	362	530	2	6
2	Refining .....	868	371	460	9	28
3	Merchandising <sup>1</sup> .....	73	38	35	—	—
4	Transportation.....	194	74	119	—	1
5	<b>Sub-total</b> .....	<b>2,035</b>	<b>845</b>	<b>1,144</b>	<b>11</b>	<b>35</b>
	<b>Other Mining</b>					
6	Mining, smelting, and refining of native ores.....	580	258	220	71	31
7	Other.....	1,044	414	591	26	13
8	<b>Sub-total</b> .....	<b>1,624</b>	<b>672</b>	<b>811</b>	<b>97</b>	<b>44</b>
	<b>Other Manufacturing<sup>2</sup></b>					
9	Pulp and paper.....	1,285	615	539	129	2
10	Textiles .....	611	489	66	53	3
11	Chemicals.....	572	220	262	77	13
12	Transportation equipment n.o.p. ....	214	146	43	25	—
13	Electrical apparatus.....	386	137	226	19	10
14	Agricultural machinery.....	164	104	54		
15	Primary iron and steel .....	355	296	48	9	2
16	Beverages.....	336	244	80	11	1
17	Automobiles and parts .....	280	63	213	3	1
18	Rubber <sup>3</sup> .....	130	33	97	—	—
19	Other.....	3,796	2,203	1,256	295	42
20	<b>Sub-total</b> .....	<b>8,129</b>	<b>4,550</b>	<b>2,884</b>	<b>621</b>	<b>74</b>
21	<b>Total of above industries</b> .....	<b>11,788</b>	<b>6,067</b>	<b>4,839</b>	<b>729</b>	<b>153</b>

Note: The corporate classifications of foreign investment used in this table have been altered in some cases from those appearing elsewhere in this report to correspond more closely with the classification of estimated total investment. The equity of non-residents in the holding of Consolidated Mining and Smelting Co. of Canada Ltd. by Canadian Pacific Railway has been included under mining. The figures for chemicals reflect the division of Canadian Industries Limited which did not actually take place until mid-1954.

1. Merchandising companies controlled outside Canada and the United States have been included with refining companies.

2. Including "Other Enterprises".

3. United Kingdom owned investments in rubber companies have been included under United States; an offsetting correction has been made in the residual item of "Other Manufacturing".

## STATEMENT 20. Ownership and Control of Selected Canadian Industries — 1953

Total Canadian and External Capital in Companies controlled in:			Percentage of Capital Employed Owned in:				Percentage of Capital Employed controlled in:			No.			
Canada	United States	Elsewhere Outside Canada	Canada	United States	United Kingdom	Other Countries	Canada	United States	Elsewhere Outside Canada				
(millions of dollars)			%	%	%	%	%	%	%				
363	529	8	40	59	—	1	40	59	1	1			
219	616	33	43	53	1	3	25	71	4	2			
38	35	—	52	48	—	—	52	48	—	3			
—	194	—	38	61	—	1	—	100	—	4			
<b>620</b>	<b>1,374</b>	<b>41</b>	<b>41</b>	<b>56</b>	<b>1</b>	<b>2</b>	<b>30</b>	<b>68</b>	<b>2</b>	<b>5</b>			
350	230	—	45	38	12	5	60	40	—	6			
376	631	37	40	57	2	1	36	60	4	7			
<b>726</b>	<b>861</b>	<b>37</b>	<b>41</b>	<b>50</b>	<b>6</b>	<b>3</b>	<b>45</b>	<b>53</b>	<b>2</b>	<b>8</b>			
582	544	159	48	42	10	—	45	42	13	9			
513	53	45	80	11	9	—	84	9	7	10			
159	309	104	39	46	13	2	28	54	18	11			
140	47	27	68	20	12	—	65	22	13	12			
108	240	38	35	59	3	2	28	62	10	13			
109	481	35	63	33			66	38	3	10	14		
340			83	13	3	1	96					15	
276			73	24	3	—	82						16
14			23	76	1	—	5						
10	25	75	—	—	8	18							
2,039	1,504	253	58	33	8		1	54	39	7	19		
<b>4,290</b>	<b>3,178</b>	<b>661</b>	<b>56</b>	<b>35</b>	<b>8</b>		<b>1</b>	<b>53</b>	<b>39</b>	<b>8</b>	<b>20</b>		
<b>5,636</b>	<b>5,413</b>	<b>739</b>	<b>52</b>	<b>41</b>	<b>6</b>		<b>1</b>	<b>48</b>	<b>46</b>	<b>6</b>	<b>21</b>		

Note: The corporate classifications of foreign investment used in this table have been altered in some cases from those appearing elsewhere in this report to correspond more closely with the classification of estimated total investment. The equity of non-residents in the holding of Consolidated Mining and Smelting Co. of Canada Ltd. by Canadian Pacific Railway has been included under mining. The figures for chemicals reflect the division of Canadian Industries Limited which did not actually take place until mid-1954.

1. Merchandising companies controlled outside Canada and the United States have been included with refining companies.

2. Including "Other Enterprises".

3. United Kingdom owned investments in rubber companies have been included under United States; an offsetting correction has been made in the residual item of "Other Manufacturing".

but together only controlled about 2% of the capital employed. That part of the non-ferrous smelting and refining industry engaged in smelting native ores constitutes a large part of this investment. Ratios of Canadian ownership and control in this branch of mining of 45% and 60% respectively are larger than in all mining. Non-resident capital in other branches of mining constitutes a larger ratio both as to ownership and control than in smelting and refining.

Canadians still owned and controlled more than one-half of the manufacturing industries, exclusive of petroleum refining, in 1953. But great variations exist in the ownership and control of the different branches of industry. In some industries like textiles and primary iron and steel Canadian ownership is 80% or more and the ratios of control are even higher, being particularly high with the latter industry. But the opposite is the case with industries like automobiles and parts and rubber products. In those industries the percentages controlled abroad of 95% and 92% respectively are considerably more than the ratios of non-resident ownership as there are appreciable minority investments owned by Canadians in these industries. The above illustrations tend to be more extreme than is the more typical pattern of ownership. Most of the other broad industries shown separately are more evenly divided as to ownership. For example 48% of the pulp and paper industry is owned in Canada, and 39% of the chemical industry and 35% of the electrical apparatus industry, and agricultural machinery and transportation equipment n.o.p. had Canadian ownership of 63% and 68% respectively. In the case of all other industries, which made up more than 45% of all the capital in manufacturing, the Canadian ownership amounted to 58%. But in most of these industries the percentages of investment controlled abroad are appreciably larger than is the case with ownership, as is notably so with pulp and paper, chemicals and the electrical apparatus industry.

A further more detailed analysis of the place of the larger United States-controlled concerns in Canadian manufacturing is given in a separate section of this report. By this special study of the share of production and employment taken by these concerns it is possible to evaluate their place in some of the smaller sub-divisions in Canada's manufacturing industry. Further comment on the significance of investments in companies controlled abroad appears in the section on direct investments which is part of the discussion of the nature of ownership and control.

#### **Ownership and Control of Some Types of Financial Companies in Canada**

There are more than 6,000 companies in Canada in the field of finance, insurance, and real estate, aside from non-resident owned investment corporations. This field of economic activity continues to

be predominantly owned and controlled by Canadians. The classes of financial institutions best known to Canadians are the banks and the insurance companies. The equity of shareholders in Canadian chartered and savings banks at the end of 1954 was placed at \$528 million. The capital is 74% owned by Canadians. British investment has been important in these institutions from their early days and is the next largest part accounting for 18%. United States ownership accounts for 6% and other overseas countries for the balance of 2%. Ninety-eight per cent of the capital investment in Canadian commercial and savings banks is in Canadian-controlled institutions.

Investment in Canadian, British and foreign insurance companies in Canada is placed at \$688 million which includes the surplus of Canadian life insurance companies allocated to insurance funds. Canadian ownership accounts for 38% of this total, and the investment in companies controlled in Canada amounts to 57%. It should be recorded, however, that aside from their investment in Canadian branches, which is covered above, foreign insurance companies hold directly investments in Canadian securities and mortgages of the order of \$1.4 billion. These investments are not related to insurance operations in Canada.

There are of course a great many other types of financial companies in Canada: sales finance companies, small loans companies, licensed money lenders, credit unions, trust and loan companies, mortgage companies, investment services, brokers, insurance agencies, real estate companies, investment funds, and other holding companies. With the exceptions of the latter two classes - for which aggregate estimates have not been compiled - the total investment in all financial institutions is placed at some \$3.6 billion, which is both owned and controlled to the extent of about 75% by Canadians.

#### **Petroleum Industry**

Although foreign investment in the Canadian petroleum industry still accounted for only 10% of the total foreign investment in Canada at the end of 1953, it has grown in the eight years since 1945 from \$126 million to \$1,190 million. The capital movements have been a source of great strength in the Canadian balance of payments, and, as is noted in Part III, the availability of domestic petroleum production has had important effects on our current account.

In the industrial classification normally used for statistics of foreign investment in Canada the various types of investment in the petroleum industry cannot be identified from details shown in published statements. Figures for the end of 1945 and the end of 1953 have been compiled and are given in table VIII together with a key to the classification in the general investment records.



Detailed figures appearing in the tables cover the book value of ownership classified according to the principal activities of the companies. It has not been possible to establish separate investment series classified by activity of the industry as a whole<sup>1</sup>.

At the end of 1953 foreign investment in all branches of the petroleum industry in Canada represented nearly 59% or some \$1,190 million of the \$2,035 million aggregate book value of the industry; eight years earlier foreign investment covered 41% of the much smaller total of \$307 million as shown in table VIII. The very heavy expansion and development programme undertaken by the industry in the eight-year post-war period to the end of 1953 is reflected in increases of \$664 million in the investment of Canadians, \$1,027 million in that of United States residents, and \$37 million in that of residents of overseas countries. At the end of 1953 Canadian crude oil reserves were estimated to represent about 1.5% of world reserves.

The United States has been by far the largest foreign investor in the Canadian industry, accounting for 56% of the total at the end of 1953. Most of this investment from the United States was direct investment which accounted for 53% of the book value of the industry. Canadian savings have been

1. For this reason and because of varying valuation policies on the part of the companies concerned, the figures cannot be used as a guide to the international distribution of ownership of petroleum reserves in Canada.

an important source of capital to United States controlled companies in Canada, and as a result the total investment in these companies covered more than two-thirds of the industry.

#### Foreign Ownership of Canadian Funded Debt

The estimated distribution of the ownership of funded debt of Canadian governments and corporations at the end of 1936 and of 1954 will be found in table IV. These figures show that there has been a considerable development of the Canadian market for this type of capital financing. At the end of 1936 some 25% of government and municipal debt, and 34% of all funded debt, was non-resident owned. By the end of 1954 the foreign-held proportions had fallen to 10% of government and municipal issues, and 15% of all issues. By and large these reductions did not reflect any net repatriation of capital. Non-residents actually increased their holdings of Canadian bonds and debentures by 10% during the eighteen-year period, but the total debt outstanding increased by 150%. On balance all but 2% of the increase was financed by Canadians. The foreign-owned proportion of provincial direct and guaranteed debt remained at about 28%, but in each other category of debtor the Canadian share rose. For example, as will be seen from statement 21, non-resident held Government of Canada direct and guaranteed debt, excluding railways, fell from 24% to 5% of the total; there was little change in the amount of non-resident holdings but the total outstanding debt more than quadrupled.

**STATEMENT 21. Changes in Ownership of the Funded Debt of Canadian Governments and Corporations, 1936-1954**

Debtor	Percentage held by non-residents		Percentage change in total outstanding	Percentage of total change 1936-1954 due to changes in holdings of:-	
	1936	1954		1936-1954	Non-residents
Dominions - direct and guaranteed, excluding railways .....	24	5	+ 325	- 1	101
Provincials - direct and guaranteed, excluding railways .....	28	28	+ 86	28	72
Municipals .....	25	22	+ 34	14	86
<b>Sub-totals Government Bonds .....</b>	<b>25</b>	<b>10</b>	<b>+ 196</b>	<b>3</b>	<b>97</b>
Steam railways .....	63	39	- 16	...	...
Other corporations .....	39	29	+ 146	23	77
<b>Total Bonds and debentures .....</b>	<b>34</b>	<b>15</b>	<b>+ 150</b>	<b>2</b>	<b>98</b>

The investment of United Kingdom residents in the funded debt of Canadians was reduced during the period by more than one-half. Most of the repatriation occurred during the war years. The proportion of Canadian funded debt held in the

United Kingdom fell from 14% to 2%. Over the eighteen years the holdings of United States residents rose by nearly one-half, but fell from 20% to 12% of the total outstanding.

**STATEMENT 22. Estimated Distribution of the Ownership of Funded Debt of  
Canadian Governments and Corporations, End of 1953**

(millions of dollars)

Owned in	Dominion direct and guaranteed <sup>1</sup>	Provincial direct and guaranteed <sup>1</sup>	Municipal	Sub-total Government Bonds <sup>1</sup>	Corpora- tions	Total
United States:						
Life Insurance Companies, <sub>p</sub> .....	269	274	198	741	564	1,305
Parent companies and affiliates .....	—	—	—	—	174 <sup>2</sup>	174
Other holders .....	503	612	178	1,293	288	1,581
<b>Sub-total – United States</b> .....	<b>772</b>	<b>886</b>	<b>376</b>	<b>2,034</b>	<b>1,026</b>	<b>3,060</b>
United Kingdom .....	87	36	35	158	441	599
Other Countries .....	83	8	2	93	34	127
<b>Sub-total – all non-residents</b> .....	<b>942</b>	<b>930</b>	<b>413</b>	<b>2,285</b>	<b>1,501</b>	<b>3,786</b>
Canada .....	14,821	2,261	1,243	18,325	2,507	20,832
<b>Total</b> .....	<b>15,763</b>	<b>3,191</b>	<b>1,656</b>	<b>20,610</b>	<b>4,008</b>	<b>24,618</b>

1. Including railways.

2. Minimal estimate of internal (non-market) issues.

p – Preliminary estimate

**STATEMENT 23. Holdings of Canadian Bonds and Debentures by  
Life Insurance Companies, 1950 and 1953**

Debtor <sup>1</sup>	United States Life Insurance Companies <sup>2</sup>		Twelve Life Insurance Companies in Canada <sup>3</sup>	
	1950	1953, <sub>p</sub>	1950	1953
	(millions of dollars)			
Government of Canada .....	612	269	1,008	783
Provincial .....	133	274	256	254
Municipal .....	85	198	173	234
Corporate and Other .....	285	564	763	1,121
<b>Total</b> .....	<b>1,115</b>	<b>1,305</b>	<b>2,200</b>	<b>2,392</b>
	(percentage distribution of portfolio)			
Government of Canada .....	55	21	46	33
Provincial .....	12	21	11	10
Municipal .....	8	15	8	10
Corporate and Other .....	25	43	35	47
<b>Total</b> .....	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

p – Preliminary estimate

1. Direct and guaranteed issues (including railways)

2. Not including investments in Canada arising from insurance business carried on in Canada

3. Life branch assets of 12 life insurance companies whose net premium income in Canada is 80 per cent of the total of all companies registered under the federal Insurance Acts. Holdings of the two companies whose head office are in the United States are limited to securities physically held in Canada by the Receiver General or Canadian trustees. (Source Bank of Canada Statistical Summary, March 1955).

Institutional investors, particularly United States life insurance companies<sup>1</sup>, are known to be among the major non-resident holders of Canadian bonds and debentures. At the end of 1953 United States life insurance companies were estimated to own some 42% of all the Canadian funded debt held in the United States, or more than 5% of the total outstanding. Details of their portfolios at the end of 1950 and 1953 are given in statement 23, which shows a marked shift in this period from Government of Canada issues to those of other debtors. The investment behaviour of these institutions is of very great importance; in the post-war years to 1953 United States life insurance companies accounted on balance for all the growth in non-resident holdings of Canadian funded debt with the exception of

1. Throughout Canadian international investment position statistics references to the investment portfolios of foreign insurance companies are exclusive of their investments in Canada arising from insurance business carried on in Canada.

#### The Proportion of Selected Types of Income Paid or Accruing to Non-Residents

Closely related to the distribution of ownership is the distribution of income on investments paid to or accruing to non-residents of Canada. The following comments on income are confined to interest on bonds and debentures and dividends on common and preferred stocks with some brief comments on undistributed profits. The proportions of selected types of income paid or accruing to non-residents in the periods 1926-30 and 1946-53 were as follows:

	1926-30	1946-53
1. Interest .....	47	18
2. Dividends <sup>1</sup> .....	57	55
3. Interest and Dividends	51	35

1. This item includes withholding tax in 1946-53. If the tax is excluded, this item would become about 49%. The same exclusion would alter the 35% for interest and dividends in 1946-53 to about 32%.

The results indicate that 35% of total bond interest and dividends was paid to non-residents in the period 1946-53. This compares with 51% in the period 1926-30. The ratio in 1946-53 is reduced to 32% if withholding tax on dividends, which is received by the Government, is excluded (the tax was not applicable in the 1926-30 period). The decrease in the proportion paid since 1926-30 is due to interest rather than dividend payments. Bond and debenture interest paid to non-residents in 1946-53 was 18% of total bond and debenture interest payments, as compared with 47% in 1926-30. This is primarily a result of the sharp decrease in the percentage of Dominion funded debt held abroad over this period. Dividends to non-residents were 57% and 55% respectively of total dividends paid in both periods. If the withholding tax applicable to the later period is omitted, the ratio for dividends in 1946-53 falls to 49%. This comparison,

non-market issues acquired by affiliates. In general the Canadian investment pattern of the United States life insurance companies has been typical of Canadian institutional investment. For comparative purposes statement 23 also shows the holdings of twelve insurance companies in Canada in which similar but less pronounced trends are evident. In using the latter series it should be borne in mind that they include some Canadian securities held by Canadian insurance companies in respect of business outside Canada.

Not all the Canadian funded debt owned in the United States which is not held by life insurance companies and other institutional investors may be regarded as in private portfolios. A significant amount — not less than \$174 million — represents direct investment by parent companies and affiliates in specially created issues of the Canadian subsidiaries. These non-market holdings have increased by more than \$100 million since the end of the war.

of course, does not take into account the substantial income which Canadian business proprietors receive from the profits of unincorporated businesses.

Less precise estimates are possible for the percent of undistributed corporation profits accruing to non-residents. From available data it has been estimated that in the period 1946-53 this ratio was of the order of two-fifths of the total. Dividends paid abroad and undistributed profits together appear to have accounted for a little less than one-half the total of dividends and undistributed profits in the same period.

To arrive at the above comparisons certain adjustments were necessary when using available statistical data. Total dividends paid were derived from a table showing an analysis of corporation profits in the report on the national accounts. The series includes dividends paid to non-residents (including withholding tax) and dividends paid to Canadian persons. Intercorporate dividend payments within Canada are excluded from the dividend ratios below; insofar as they are not paid outside of the corporate sector, however, these payments re-appear in corporate undistributed profits. Balance of payments data on dividend payments abroad for recent years include the profits of unincorporated branches of non-resident corporations; such profits have been excluded here, since they are excluded from the dividend totals for Canada mentioned above.

Total interest which was supplied by the National Income Section includes interest on bonds and debentures paid by corporations and governments, but excludes interest on public funds and miscellaneous investment income of governments. The latter types of interest are excluded because they do not typically represent interest on bonded debt, to which, as noted above, this note is re-

stricted. Interest paid to non-residents includes withholding tax, which cannot be readily identified; this is fairly small, however, because of the many legal exemptions.

With regard to comparability between ratios of income paid abroad and non-resident ownership of investments there are certain factors which should be borne in mind. The proportions paid to non-residents are broadly comparable to the distribution of ownership only when corresponding segments of investment and income are compared. Thus, the percent of interest paid abroad is comparable with the ownership of funded debt of Canadian governments, municipalities, and corporations, and the percentage of interest is only slightly more than the ratio of ownership in this sphere. But the percentages of income of Canadian industry paid to non-residents which are set forth in the above paragraphs cover somewhat different areas of investment than the ratios of ownership of Canadian industry which have been described elsewhere in this report. For example, dividends cover the corporate sector of business whereas the data on ownership of Canadian industry cover the unincorporated sector of industry and commerce as well,

which is particularly large in the field of merchandising. Also included are the unincorporated branches of foreign companies in Canada, investment in funded debt or in other non-equity forms. Likewise dividends only cover earnings which have been paid out whereas there appear to have been varying proportions of earnings paid out or re-invested by non-resident-owned concerns compared with resident-owned concerns. In the period 1946-54 it has been estimated that direct investment companies in Canada distributed something over one-half of their earnings, whereas Canadian companies distributed less than one-half of their earnings. Differing rates of profitability may also provide, in certain periods, a possible explanation of some differences between the proportions of dividends paid abroad and the proportions of capital stock owned abroad.

For the above reasons the percentages of Canadian income paid abroad which have been presented above are not directly comparable to the ratios of ownership of industry described in the previous section of the report. A higher proportion of Canadian dividends is paid abroad than the ratio of ownership of industry since the dividends cover only the corporate sector.

#### A Survey of the Manufacturing Operations in Canada of the Larger Canadian Companies Controlled in the United States 1953

A new survey covering the year 1953 shows that 771 establishments of 315 enterprises controlled in the United States accounted for 30% of the selling value of Canadian factory shipments. These establishments, 2% of all manufacturing establishments, employed 21% of all employees in manufacturing industries, accounted for 25% of the earnings in the industry, 31% of the cost at plant of materials used, and 29% of the value added by manufacture. On a regional basis the selling value of their factory shipments ranged from 40% of the total in Ontario to 9% in the Atlantic provinces.

#### The Enterprises

Much of the value of investment in manufacturing enterprises controlled in the United States is concentrated in a relatively few companies. At the end of 1953, 25 concerns each with an aggregate investment of more than \$25 million accounted for nearly 60% of the total. In 1946 there were only 10 concerns coming within this group and they covered between 35% and 40% of the total. The increase in value amounted to more than \$1.5 billion and reflects the addition of \$0.2 billion representing

#### STATEMENT 24. United States Controlled Manufacturing Companies in Canada, End of 1946 and 1953, Classification by Size of Investment

Aggregate Investment in Canada	Number of Enterprises		Aggregate Investment in Canada		United States ownership	
	1946	1953	1946	1953	1946	1953
	Number		\$ million			
More than \$25 million .....	10	25	608	2,150	419	1,469
\$10 to \$25 million .....	23	31	377	427	340	391
\$ 1 to \$10 million .....	120	253	344	756	335	701
Less than \$1 million .....	760	902	300	316	272	295
<b>Total .....</b>	<b>913<sup>1</sup></b>	<b>1,211<sup>2</sup></b>	<b>1,629</b>	<b>3,649</b>	<b>1,366</b>	<b>2,856</b>

1. These concerns had 109 wholly-owned manufacturing subsidiaries in Canada.
2. These concerns had 191 wholly-owned manufacturing subsidiaries in Canada.

the value in 1946 of twelve companies each valued at \$25 million or less at that time. In the intervening seven years the 22 concerns raised additional capital of \$0.2 billion from the issue of stock, and between \$0.3 and \$0.4 billion from long-term borrowing. But by far the major source of financing was the retention of \$0.6 billion from earnings. The remainder of the increase, \$0.2 billion, reflects the capital of three enterprises newly formed or acquired during the period. United States ownership represented about two-thirds of the aggregate investment in the concerns in both 1946 and 1953. Canadians and other non-residents of the United States provided about \$0.1 billion of the new capital stock, and \$0.2 billion of the long-term borrowing. A further \$0.1 billion of the retained earnings accrued to them and in addition they acquired or retained about \$0.1 billion of the capital of the enterprises formed or coming under the control of United States interests during this period.

The present survey covers all manufacturing establishments of United States controlled enter-

prises with an aggregate investment in Canada of \$1 million or more. The 309 manufacturing enterprises falling within this category covered 91% of the total. A corresponding selection in 1946 included 153 enterprises accounting for 82% of the total investment in United States controlled manufacturing enterprises.

The percentage of aggregate investment in United States controlled manufacturing companies covered by the selected enterprises varied in 1953 from 68% in the case of textiles to 98% in the case of non-metallic minerals. In 1946 coverage of the large companies had ranged from 37% for textiles to 90% for animal products. The 771 establishments covered in 1953 accounted for 30% of the selling value of factory shipments from all 38,107 manufacturing establishments. In 1946 the 477 establishments making up the selected enterprises covered 22% of the gross value of production of 31,249 manufacturing establishments.

STATEMENT 25. Selling Value of Factory Shipments, 1946 and 1953

	Selling Value of Factory Shipments <sup>1</sup>		
	Percentage Increase 1946 to 1953	Selected U. S. Controlled Establishments as percentage of total	
		1946	1953
Non-ferrous metals.....	191	53	56
Non-metallic minerals.....	176	38	46
Iron and products.....	198	29	39
Chemicals and allied products.....	135	32	39
Vegetable products.....	70	17	26
Miscellaneous manufactures.....	131	20	20
Wood and paper products.....	126	15	19
Animal products.....	52	12	13
Textiles.....	75	4	8
<b>All manufacturing.....</b>	<b>121</b>	<b>22</b>	<b>30</b>

1. Gross value of production in 1946.

#### Share of Canadian Manufacturing Production

The proportion of the selling value of factory shipments covered in the selected establishments, classified by the nine basic divisions of manufacturing, varied from 56% in the case of non-ferrous metals to 8% in the case of textiles. It is significant that the areas of manufacturing in which the United States controlled companies are largest are in those more dynamic sectors in which the expansion has been greatest.

Statement 26 ranks in order the percentages of factory shipments, classified into 37 commodity groups, which are attributable to the 771 manufacturing establishments covered in the survey. In some of these industries where the operations of the smaller concerns not covered in the selected establishments may be significant the percentages for all establishments controlled in the United States would be appreciably higher. But in many leading industries virtually the whole industry controlled in the United States is covered by the

**STATEMENT 26. Selling Value of Factory Shipments by Selected United States Controlled Manufacturing Establishments as Percentages of Total, 1953**

	%		%
Motor vehicles .....	98	Toilet preparations.....	27
Rubber products.....	78	Canning and processing.....	24
Non-ferrous metal smelting and refining.....	70	Hardware, tools and cutlery .....	23
Petroleum products .....	68	Miscellaneous manufactures.....	20
Motor vehicle parts .....	67	Agricultural implements.....	20
Machinery, household, office and store .....	60	Aircraft and parts, railway rolling stock, and transportation equipment, n.o.p.....	19
Non-ferrous metal products n.o.p.....	50	Non-metallic mineral products and products of petroleum and coke, n.o.p. ....	18
Electrical apparatus and supplies.....	50	Dairy products.....	16
Paints, varnishes and lacquers.....	45	Castings, iron.....	15
Soaps, washing compounds and cleaning preparations.....	45	Food industries, tobacco and tobacco products and leather products, n.o.p. ....	14
Medicinal and pharmaceutical preparations.....	41	Textile products (except clothing).....	14
Sheet metal products.....	39	Iron and steel products n.o.p.....	14
Pulp and paper.....	39	Beverages .....	12
Chemicals and allied products n.o.p.....	36	Bakery products and confectionery .....	10
Machinery, industrial and machine tools .....	32	Primary iron and steel.....	7
Grain mill products .....	29	Wood products.....	6
Heating and cooking apparatus .....	29	Clothing (textiles and furs).....	2
Paper products n.o.p. ....	29	Printing, publishing, and allied industries.....	1
Brass and copper products.....	27		

NB. Percentages in this statement are derived from data shown in Table XVIII.

survey. Additional detail covering employees, earnings, cost at plant of materials used, and value added by manufacture will be found in table XVIII.

The field most dominated by large United States controlled enterprises is, of course, the manufacture of motor vehicles. Here the selected companies now cover 98% of factory shipments compared with 95% in 1946. Rubber products are the group where the selected companies play the next largest role, some 78% compared with 55% in 1946. Then follows non-ferrous metal smelting and refining at 70% compared with 64% in 1946. Petroleum products at 68% were 3% higher than in the earlier survey. Other industries in which half or more of factory shipments came from the selected enterprises were motor vehicle parts, household, office and store machinery, non-ferrous metal products other than brass and copper, and electrical apparatus and supplies. The share of the selected establishments in the total for the latter group remained unchanged at 50% in both 1946 and 1953.

Canada's leading industry in 1953, based on the value of factory shipments, was pulp and paper which ranked among the industries where the selected establishments represented between 50% and 10%. Factory shipments of pulp and paper covered in the selection amounted to 39% in 1953 and 31% in 1946.

Commodity groups in which 10% or less of factory shipments came from the selected establishments included bakery products and confectionery (10%), primary iron and steel (7%), wood products (6%), clothing (2%) and printing, publishing, and allied industries (1%). These groups together accounted for about 20% of the total value of factory shipments in 1953.

#### Regional Distribution

The manufacturing industries of Canada are heavily concentrated in the provinces of Ontario and Quebec which accounted for 50% and 30% respectively of the selling value of factory shipments in 1953. A similar concentration exists in the establishments of the selected enterprises which cover 65% and 25% respectively of the total value of factory shipments in the two provinces. As will be seen from table XVII 40% of the value of all Ontario factory shipments is attributable to the plants of the selected United States controlled companies. Quebec follows with 25%, then the Prairie Provinces with 21%, British Columbia with 12% and the Atlantic Provinces with 9%. These figures do not take into account the operations of the 902 United States controlled manufacturing enterprises which with their 127 wholly-owned sub-

subsidiaries each had an aggregate investment in Canada of less than \$1 million. Had it been possible to include their establishments the percentages would, of course, have been higher in each case.

In the years intervening since the survey for 1946, the number of manufacturing establishments in United States controlled enterprises with an aggregate investment of \$1 million or more, rose from 477 to 771. The increase of 294 plants includes 186 in Ontario, 78 in Quebec, 13 in British Columbia, 10 in the Prairie Provinces, and 7 in the Atlantic Provinces.

### Outline of Survey

In 1949 the Bureau published a special report on important United States direct investments in Canada which included statistics of their manufacturing operations<sup>1</sup>. The material in this section is based on a similar study completed in respect of 1953 making use of production data collected in the Industry and Merchandising Division of the Bureau. Statistical material is covered in tables XIII to XVIII. When making use of these figures the reader should bear in mind the distinction between enterprises and companies on the one hand, and establishments on the other. The investment data published throughout this report are based on the book value of capital investment in Canadian enterprises. These enterprises may comprise one or more Canadian companies. The whole book value of the enterprise is classified by the principal activity in which it is engaged. Statistics of industrial production, on the other hand, are compiled by establishment or plant, each individual component of the enterprise being treated separately.

As it was not practical to trace individually the controlling interest in each of the more than 38,000 manufacturing establishments in Canada in 1953, the study was based on a selection of United States controlled enterprises as shown in the Bureau's

records of international investment. Manufacturing enterprises with a book value for aggregate investment in Canada of \$1 million or more were found to represent more than 90% by value of all these United States controlled enterprises. Operating statistics of the establishments of these companies and their subsidiaries were then drawn together. To the data were added the statistics of significant manufacturing establishments of companies controlled in the United States with an aggregate investment of \$1 million or more whose principal operations were in the fields of mining or merchandising<sup>2</sup>. These establishments were initially classified by the enterprise of which they formed a component and were later regrouped<sup>2</sup> to correspond (as closely as the restrictions on confidential data permit) with the basic classification of data for the manufacturing industries of Canada as a whole.

The basis of selection of enterprises covered in the studies for both 1946 and 1953 was the same; namely, aggregate investment in Canada of \$1 million or more. The selection for 1953 included 309 enterprises engaged principally in manufacturing compared with 153 enterprises in 1946. At the end of 1953 these companies covered 91% of the aggregate investment in Canada in all United States controlled manufacturing enterprises compared with 82% at the end of 1946. Although the basis of selection was the same in both years, for a variety of reasons including the change in price levels in the intervening period, it should not be inferred that the proportion of direct investment operations in manufacturing covered in the survey was the same in each year, nor that it corresponded to the ratio of underlying investment.

1. U.S. Direct Investments in Canada: Statistics of Investments in All Companies and Operations of the Larger Manufacturing Companies. This report is out of print.

2. This step was not taken in the original study for the year 1946, published in 1949. The figures for 1946 which appear in the present report have, however, been revised to correspond as closely as possible with the 1953 data.

### Foreign Financing of Total Canadian Investment in the Post-War Period

In the preceding sections of this report estimates are given of the extent of foreign ownership control and financing of Canadian industry. A related but different question is the extent to which non-residents have financed total gross domestic private and public investment as used in national accounting in the period 1946-54<sup>3</sup>. This totality of investment covers physical investment in a much wider sphere than industry alone.

3. For a more detailed analysis of this question, see "Foreign Financing of Canadian Investment in the Post-War Period", by A.E. Safarian and E.B. Carty. Proceedings of the Business and Economic Statistics Section, American Statistical Association, September 1954, p. 72-79.

In considering the extent to which savings used for investment were contributed from abroad, two general approaches are of interest. First, what has been the net contribution of non-residents to the savings used for all types of physical investment in Canada? To what extent has Canada drawn on or added to the resources of other countries? The second approach is concerned with the extent to which foreign capital has directly financed Canadian investment, disregarding outflows of Canadian capital to participate in investment abroad and of non-resident capital formerly brought to Canada. In each of these two approaches it is of interest to ask the extent to which non-residents have financed both gross and net domestic investment. The significance of this latter comparison lies partly in the

fact that new capital from abroad is normally for additions to stock rather than for replacement. The factors used in arriving at the various percentages shown in statement 27 are summarized below in the form of ratios.

#### A. Use of Foreign Resources

- |   |   |
|---|---|
| <p>1. Current account surplus or deficit adjusted for retained earnings of foreign direct investment in Canada and Canadian direct investment abroad, plus depreciation related to foreign-owned Canadian resources</p> | <p>2. The same excluding depreciation related to foreign-owned Canadian resources</p> |
|---|---|

Gross private and public domestic investment with inventories on a value of physical change basis.

The same net of depreciation and similar business charges on private domestic investment.

#### B. Direct Foreign Financing of Investment

- |   |                                       |
|---|---------------------------------------|
| <p>1. (a) Direct investment in Canada<br/>(b) Retained earnings on foreign direct investments<br/>(c) New issues of Canadian securities sold to non-residents<br/>(d) Other long-term financing<br/>(e) Change in accounts payable<br/>(f) Depreciation allowances etc., related to non-resident investment</p> | <p>2. The same excluding item (f)</p> |
|---|---------------------------------------|

Gross private and public domestic investment with inventories on a value of physical change basis.

The same net of depreciation and similar business charges on private domestic investment.

Two aspects of these measures should be noted. First, a number of changes have been made in certain items published elsewhere, in order to bring them into line with the concepts desired here. For example, the current account balance has been adjusted for retained earnings of foreign direct investment in Canada and Canadian direct investment abroad, in order to arrive at a more complete measure of the net use of foreign resources. Secondly, a number of unsolved problems exist with respect to the use of available statistics to portray certain concepts. Some of these problems arise because the various capital inflow series are not fully comparable with data on total private and public capital formation. The figure for net capital

formation is obviously dependent on the valuation procedures involved in depreciation allowances. These and other problems suggest the results must be interpreted broadly; particularly in shorter periods.

The ratios in statement 27 suggest Canadian sources of saving in the post-war period were large enough to finance all but 6% of net capital formation and all but 12% of gross capital formation. These savings were not all used, however, for investment in Canada. Not only have there been large investments abroad, particularly through government loans, but there have been substantial retirements of debts which had been contracted abroad. As a result, Canadian sources of saving directly financed some three-quarters of both gross and net capital formation in Canada, with non-residents directly financing the remainder. Actually, the Canadian economy generated much of the remaining quarter necessary to finance the investment program in Canada, but part was used abroad, part represents retained earnings which enlarged foreign investment in Canada, and part represents savings set aside to replace assets associated with foreign ownership of Canadian resources.

From 1946 to 1949, and for some years before, Canada had been a net exporter of capital. Thus in 1946-49 the use of foreign resources as a percentage of net capital formation was negative; on balance, part of savings as defined above was used abroad. Direct foreign financing was still about one-fifth of Canadian investment, however. After 1949 the tempo of foreign investment in Canada increased. The use of foreign resources as a ratio of both net and gross investment rose to approximately 15%, while direct foreign financing rose to a quarter or more.

The approach used here is an aggregative one, which applies only to the economy as a whole. Other sections of this report indicate that capital inflows have been of particular importance in certain sectors of the economy, especially in certain types of industry and in resource development. If it were possible to construct similar ratios for these areas, the percentages would be much higher than those shown here, as the rates of growth of foreign and resident owned investments in industry already presented above in statement 17 suggest. The ratios shown in this comparison of aggregates of all investments are influenced to an important extent by the predominance of resident financing in sectors like housing, agriculture, utilities, institutional services and government. It appears clear, however, that the overall stimulus to Canadian development from capital inflows has been of less importance in the investment boom since the war than it was in earlier periods of heavy investment. Similar measures, for net capital formation only, can be constructed on a very approximate basis for the period 1926-30. The use of foreign resources in the earlier period was about a quarter, compared to 6% in the period 1946-54, while direct foreign financing seems to have been around one-half and a quarter in the two periods respectively.



## STATEMENT 27. Non-Resident Financing of Canadian Investment, 1946-54

(Percentages)

	1946-49 (Four years)	1950-54 (Five years)	1946-54
A1 Use of foreign resources as a percentage of gross capital formation .....	1	16	12
A2 Use of foreign resources as a percentage of net capital formation .....	- 11	13	6
B1 Direct foreign financing of gross capital formation .....	20	25	24
B2 Direct foreign financing of net capital formation .....	21	28	26

## STATEMENT 28. Direct Foreign Financing of Canadian Investment, 1946-54

(Millions of dollars)

	1946-49 (Four years)	1950-54 (Five years)	1946-54
<b>A. Capital inflows related to investment:</b>			
(a) Direct investment in Canada <sup>1</sup> .....	347	1,886	2,233
(b) Retained earnings on foreign direct investments .....	550	1,200	1,750
(c) New issues of Canadian securities sold to non-residents <sup>2</sup> .....	418	1,598	2,016
(d) Other long-term financing <sup>3</sup> .....	48	165	213
(e) Change in accounts payable .....	100	- 100	-
(f) Depreciation allowances, etc., related to non-resident investment	900	2,200	3,100
<b>Total inflows</b> .....	<b>2,363</b>	<b>6,949</b>	<b>9,312</b>
<b>B. Gross private and public investment in Canada<sup>4</sup></b> .....	<b>11,617</b>	<b>27,268</b>	<b>38,885</b>
<b>C. Depreciation allowances and similar business costs</b> .....	<b>4,734</b>	<b>10,588</b>	<b>15,322</b>
<b>D. Net private and gross public investment in Canada<sup>4</sup></b> .....	<b>6,883</b>	<b>16,680</b>	<b>23,563</b>

1. Gross inflows from U.S., net from other countries.

2. Includes both new and refunding issues but excludes government borrowing of \$150 million in 1948 to replenish reserves.

3. Includes selected long-term inflows and an estimate of reinvested earnings on holdings of mortgages by U.S. insurance companies.

4. Published series adjusted as described in accompanying text.

Note: Data subject to revision.

## PART II

### CANADA'S ASSETS ABROAD

Several of the outstanding features of Canada's assets abroad indicating their special character have been referred to in the discussion of Canada's balance of indebtedness. Among these is the large element of assets owned by the Government of Canada in the form of loans and advances to overseas countries and short-term liquid reserves which grew rapidly during and following World War II. Prior to the war Canada's assets abroad had been chiefly private investments in the form of both direct investments by Canadian companies and portfolio holdings of foreign securities. There has also been a great post-war growth in direct investments abroad chiefly in the United States.

Canadian assets abroad now represent a larger proportion of liabilities abroad than was the case before the war. But the special character of a large part of the growth must be borne in mind in appraising the significance of this changing relationship. The increase in proportion has been mainly in government owned assets. That part of the assets in private forms or in equities abroad is small in comparison to the non-resident equity in Canadian industry, and while growing rapidly this privately owned part still is only about one-fifth of the non-resident investment in Canada. This structure of Canadian assets abroad has special effects upon subsequent potential growth in value as a large portion is in a contractual form and is therefore not subject to potential growth lying in equity investments in industry in periods of general expansion.

The circumstances in which Canada's assets abroad have been acquired have many special features. Originally many were acquired as these areas of investment were more varied or more accessible than were the Canadian investment channels which were open. This applied to many stocks in foreign corporations which were bought. Other securities were inherited. Some were acquired through exchanges of securities when Canadian businesses were acquired by non-resident firms. Some expansions of Canadian business firms abroad occurred under special circumstances. And much of the direct investments is concentrated in a relatively few firms some of which have grown at an unusual rate. In the case of some concerns investments were originally made with non-resident capital by foreign firms which later established businesses in Canada; the latter took over the foreign activities and in time these became more closely related to the Canadian economy. There have also been some important business activities abroad by Canadian companies in which the amount of Canadian capital invested has been minor. Then too, the large loans and advances extended by the Canadian Government to overseas governments were only possible through the mobilization of Canadian savings through government channels for these special purposes.

Canadian long-term investments abroad in 1954 had a value of \$4,275 million compared with \$1,421 million at the end of 1939 and \$926 million in 1926 as shown in table III. Some 60% of the total was in private investments and the remainder in government loans and advances. Investments in the United States of \$1,835 million made up not far from one-half of the total in 1954. As these investments were all privately owned almost three-quarters of total private investments were in that country. Outstanding government loans on the other hand were the major element in Canadian assets in the United Kingdom total of \$1,397 million. And in the case of investments in other foreign countries Canadian export credits amounted to a little more than one-half of the total \$892 million invested in those countries, whereas in other British countries private investments accounted for the whole total of \$151 million.

#### Canadian Government Loans and Advances

Loans by the Government of Canada to overseas countries represent an important element in Canada's external assets. From statement 29 it will be seen that most of these loans occurred in the post-war period. The only loans made by Canada during the war were an interest free loan of \$700 million made to the United Kingdom in 1942 before the Canadian Government provided the Contribution and Mutual Aid which were used for financing British and other allied war deficits in Canada, and a \$10 million wheat loan extended to the U.S.S.R. The amount outstanding on the former loan had been reduced to \$90 million by the end of 1955 while the latter loan was fully repaid by the end of 1947.

In the early post-war years Canada embarked on a large scale programme of post-war credit extension to facilitate foreign purchases of goods and services and to assist in making it possible for overseas countries to meet transitional post-war deficits in their balance of payments, to maintain adequate reserves and to assume the obligations of multilateral trade. Of the original programme of \$2,000 million, \$1,740 million had been utilized by the end of 1950 and the balance either was never allocated or lapsed. As a result of the post-war financing, loans and advances outstanding to foreign governments reached a peak of \$2,000 million in 1949. By the end of 1955 amortization had reduced the total outstanding to \$1,635 million, which included inactive loans of \$31 million extended following the war of 1914-18, and \$49 million from the more recent programme.

When considering these assets arising from Canadian assistance extended mainly as an aftermath of war, it should be borne in mind that Canada has made available very large amounts of economic

**STATEMENT 29. Loans and Advances Outstanding from the Government of Canada to Foreign Governments, Selected Year-Ends, 1926-1955**

(Millions of dollars)

	1926	1939	1944	1949	1955 <sup>2</sup>
Loans to the United Kingdom					
Loan of 1942 .....	—	—	625	299	90
Loan of 1946 .....	—	—	—	1,135	1,112
Export Credit Loans					
Belgium .....	—	—	—	62	48
China .....	—	—	—	50	49
Czechoslovakia .....	—	—	—	17	6
France .....	—	—	—	234	184
Indonesia .....	—	—	—	16	—
Netherlands .....	—	—	—	118	96
Norway .....	—	—	—	24	10
U.S.S.R. ....	—	—	—	3	—
Miscellaneous credits <sup>1</sup> .....	36	31	41	42	38
<b>Total</b> .....	<b>36</b>	<b>31</b>	<b>666</b>	<b>2,000</b>	<b>1,635<sup>3</sup></b>

1. Includes loans to Greece and Roumania, advances to the U.S.S.R., funded interest on advances to France, and military relief settlement by Netherlands.
2. Preliminary data; total does not equal sum of components because of rounding.
3. Total includes 80 inactive loans and investments.

aid in the form of outright contributions. During the war period Mutual Aid and similar contributions amounted to \$3,300 million, while in the post-war period to the end of 1954 Canada's contributions to international agencies such as UNRRA and Post UNRRA, to the Colombo Plan, and Canadian Mutual Aid extended to the North Atlantic Treaty countries, aggregated \$1,300 million. Total aid extended by Canada either as grants or loans and similar investments, as measured for balance of payments purposes, amounted to \$4.1 billion gross or \$3.9 billion net in the war years, and to \$3.2 billion gross or \$2.5 billion net in the post-war period to the end of 1954.

Canadian subscriptions to the International Monetary Fund and International Bank for Reconstruction and Development were set in terms of United States dollars at \$300 million and \$325 million, as follows:

	IMF	IBRD
	(Millions of U.S. dollars)	
Amounts paid in		
Gold .....	75.0	—
United States dollars .....	—	6.5
Canadian currency .....	225.0	58.5
<b>Total</b> .....	<b>300.0</b>	<b>65.0</b>
Subject to call to meet obligations of		
IBRD .....	—	260.0
<b>Total</b> .....	<b>300.0</b>	<b>325.0</b>

The Canadian dollar equivalent of the amounts paid in by Canada together with adjustment payments arising out of the fluctuation of the exchange value of the Canadian dollar, amounted at the end of 1954 to \$390 million. (In addition to this amount the International Bank had outstanding funded debt in the amount of \$39 million borrowed in the Canadian market). Canadian liabilities to the two institutions at the end of 1954 included \$237 million short-term liabilities in Canadian dollars, representing for the most part funds of the International Monetary Fund which has not engaged in Canadian currency operations. (In addition the International Bank had somewhat under \$26 million invested in Government of Canada bonds). The funds provided by the people of Canada to the International Bank were used both in Canada and abroad. It is reported that by mid-1955 about \$95 million of expenditures under loans of the Bank had been made in Canada.

The Government of Canada has taken steps to implement Canadian participation in the proposed International Finance Corporation,

#### Canadian Direct Investments Abroad

Canadian direct investments abroad have risen rapidly in the post-war period. The figure of \$1,644 million recorded at the end of 1954 is double that at the end of 1947 and more than four times the total

at the end of 1926. Detailed figures will be found in table III. Although the capital involved is large, the number of Canadian companies or groups of Canadian investors with direct investments abroad is only slightly above 300, and many of these Canadian companies are themselves controlled by non-residents. As a consequence the equity of Canadian residents in the direct investments abroad at the end of 1954 was \$1,073 million or less than two-thirds of the total investment from Canada.

**STATEMENT 30. Canadian Direct Investment Abroad, Geographical Distribution, End of 1954**

(Millions of dollars)

	Total
United States .....	1, 256
United Kingdom .....	119
Latin America .....	77
Other America .....	55
Africa .....	48
Australia .....	40
Europe .....	34
Asia .....	15
<b>Total .....</b>	<b>1, 644</b>

With the single notable exception of utilities in Latin America, where Canadian capital has been prominent for many years, the significant Canadian direct investments represent direct extension of corresponding activities of the owners in Canada or developments ancillary to their Canadian operations. Broadly representing the extension of Canadian enterprises into North American and world markets are investments in beverages, agricultural implements, mining and smelting, pulp and paper, automobiles, business forms, merchandising, and petroleum. A further part of the Canadian direct investment abroad is related to provision of raw materials, such as bauxite, for Canadian enterprises, and yet another is the direct extension of transportation facilities such as the Canadian owned railway facilities in the United States and the parts of Canadian pipelines in that country.

About three-quarters of the total investment or \$1,256 million is in the United States. Industrially by far the largest part of the investment, \$420 million, is in brewing, distilling, and beverage industries. But many other forms of industry and commerce, among them manufacture of agricultural implements, are of importance. Among the utilities Canadian investment in railway facilities in the United States amounts to \$273 million; petroleum pipe lines make up much of the balance. Canadian direct investments in mining and petroleum in the United States have nearly quadrupled since 1947. A large part of the increase represents the growth of subsidiaries in the petroleum field.

Investment in the United Kingdom of \$119 million accounts for only about 7% of total Canadian direct investment abroad. The investment is practically all in industry and commerce, including significant amounts in distilleries and agricultural implements. Direct investment in other British countries is somewhat larger than in the United Kingdom. Prominent industries among these investments are automobiles and aluminum. Direct investments in all other countries amounted at the end of 1954 to \$131 million. A regional analysis of total direct investment abroad is given in statement 30.

It has already been recorded that there is a significant non-resident equity in Canadian direct investments abroad. This arises from foreign ownership in whole or in part of Canadian companies having subsidiaries or branches in other parts of the world. Details of the Canadian equity are published for the first time in statements 31 and 32. The total capital at the disposition of Canadian direct investment companies abroad would be larger than is indicated by the total value of Canadian direct investments abroad shown in the tables, which reflects only investment from Canada. A number of the foreign companies concerned have in addition foreign participation through ownership of funded debt or stock.

**STATEMENT 31. Canadian Direct Investments Abroad  
Total Value and Canadian Equity, End of 1954**

(Millions of dollars)

Industry	United States		Other Countries		All Countries	
	Total Value	Canadian equity	Total Value	Canadian equity	Total Value	Canadian equity
Railways .....	273	189	—	—	273	189
Other utilities .....	117	18	37	35	154	53
Beverages .....	420	538	249	120	960	344
Other industrial and commercial concerns .....	291					
Mining .....	39	34	93	40	132	74
Petroleum .....	106	83	7	4	113	87
Financial and other concerns .....	10	10	2	2	12	12
<b>Total .....</b>	<b>1, 256</b>	<b>872</b>	<b>388</b>	<b>201</b>	<b>1, 644</b>	<b>1, 073</b>

Note: Values above do not reflect direct ownership by non-residents in the enterprises abroad.

It should be borne in mind, of course, that the total direct investments abroad of Canadian companies are a more relevant series for many purposes than the Canadian equity. For example, it is the total capital movements and income arising from these investments that is significant for the Canadian balance of payments. Effect on the balance of payments is one criterion for inclusion of investments abroad of Canadian companies in special situations. There are instances where investments outside of Canada of Canadian companies or branches of non-resident concerns are excluded from the statistics of Canadian direct investments abroad on the grounds that their international transactions are not of relevance to the Canadian balance of payments.

**STATEMENT 32. Non-resident Equity and Control of Canadian Direct Investments Abroad  
End of 1954**

	Millions of dollars	Per cent
<b>Equity</b>		
United States residents .....	465	28
United Kingdom residents .....	85	5
Other non-residents .....	21	1
<b>Sub-total: non-residents.....</b>	<b>571</b>	<b>35</b>
Canadian residents.....	1,073	65
<b>Total.....</b>	<b>1,644</b>	<b>100</b>
<b>Control</b>		
United States controlled Canadian companies .....	425	26
Other foreign controlled Canadian companies .....	21	1
<b>Sub-total: foreign control.....</b>	<b>446</b>	<b>27</b>
Canadian controlled companies and resident Canadian individuals ....	1,198	73
<b>Total.....</b>	<b>1,644</b>	<b>100</b>

Values given above do not reflect direct ownership by non-residents in the enterprises abroad.

**Portfolio Holdings of Foreign Securities**

A great variety of foreign securities are held by Canadians. These have been acquired over a long period. There are many reasons why these investments took place. Before the expansion in the Canadian capital market there were more opportunities for investments in certain types of security which presented themselves abroad than existed in Canada. In some cases United States securities were the most satisfactory vehicle for participation in Canadian industry, and some were acquired through exchanges when Canadian concerns were sold. Similarly Canadian funds used to be attracted to foreign capital markets especially in New York in periods of abnormal investment activity or speculation.

Many foreign securities have been inherited by Canadians from relatives in the United Kingdom and the United States particularly and this led to ownership of a great variety of foreign securities which would not normally have been bought by residents of Canada. Ownership of other foreign securities originated from the migration of persons of means to Canada.

Many of the holdings of foreign securities by Canadians were acquired in the 1920's when interest in the New York Stock Exchange was high. In the same period there were large purchases by Canadians of dollar bonds of Latin American governments, parts of which were distributed in Canada along with the main flotations in the United States. With the collapse of the New York stock market in 1929 there was a contraction in the Canadian holdings and the trend in holdings in the 1930's was generally downward. There were also many liquidations of the Latin American and other foreign bonds which had been purchased in the 1920's. Repatriations, retirements, and sinking fund purchases have contributed to the reductions in Canadian holdings. The Canadian interest in certain companies which operate abroad has also given rise to important portfolio investments by Canadians and these have grown greatly in the post-war years.

In the case of United States securities a less clear-cut trend has been evident in the post-war years. During the exchange control period there were restrictions on exports of capital from Canada and the typical movements of capital connected with Canadian holdings were inwards to Canada arising from a tendency to liquidate holdings on balance. But at the same time the book value of Canadian holdings rose substantially as a result of the high earnings of United States companies in the period and of a tendency to reinvest part of the earnings. There were also times when Canadians increased holdings through permitted switching of securities held.

The most detailed information available on Canadian holdings of foreign securities relates to 1939 when an analysis was made of the declarations of Canadian holdings required under the Foreign Exchange Control Order. At that time Canadian portfolio investments in United States securities had a book value of \$501 million which was made up of \$380 million stocks and \$121 million bonds. These totals comprised a great variety of United States stocks and bonds, although holdings for a relatively small number of issues of prominent United States corporations constituted a large part of the total. About 70% of the total of \$380 million of United States stocks held at that time was made up of industrial and commercial issues and 15% was in public utility issues other than railroads. The remainder was distributed in smaller amounts among railroads, mines, and financial and other companies. Not included in the above holdings of United States bonds are short-term Treasury issues which are more comparable to cash balances and other forms of short-term assets.

A new survey of Canadian holdings of stocks of over 100 United States companies has made possible new estimates of Canadian holdings of United States stocks in 1952 and subsequently. Holdings of stocks of United States companies in 1954 are estimated at \$490 million. The new estimates are higher than the projections of the earlier survey for immediately preceding years on the basis of known trends in book values and the extent of liquidations of the stocks held in 1939. In 1954 Canadians also held an estimated \$89 million in United States bonds exclusive of short-term Treasury issues. The latter figure is a projection of the holdings reported in 1939 after allowing for redemptions and the net reported trade in bonds.

The recent survey concentrated on stock issues which were held by Canadians in substantial amounts in 1939. It showed that changes in holdings of individual issues varied greatly in both direction and rate. Canadian holdings in 1952 were larger than in 1939 in more than one-half the cases. But these cases included many stocks where Canadian holdings in the earlier period were particularly large, or where specific factors were known to have contributed to growth in Canadian holdings since then. In less than one-half the stocks covered in the survey there were contractions in holdings. Among issues showing reduced holdings were railroads and public utilities in which market interest has been less than in the case of the market leaders which were characteristic of the group of stocks where Canadian holdings have risen. Less is known about the trend in Canadian holdings of the very large number of issues of United States stocks in which Canadian holdings were individually small in 1939. In estimating the value of United States stocks owned by Canadians in 1952 and subsequently it is assumed that there has been some decline in holdings of less well known stocks not covered in the survey, although the increase in book values offsets part of the decline in so far as the value of holdings goes.

Although the new data point to larger holdings the extent to which estimates of the value of securities held in periods prior to 1952 may have been understated is not known. It is apparent that a very large growth has occurred in the book value of the stocks which Canadians reported as owning at the time of the introduction of Canadian exchange control. By the end of 1953 the book value of United States stocks declared by Canadians in 1939 had risen by some 85%. However, changes in these holdings in the intervening years have been very great because of the large volume of switching in portfolios of securities which has been going on, and many holdings were disposed of during the period.

United Kingdom securities held by Canadians had an estimated value of \$31 million at the end of 1954. These were divided fairly evenly between stocks and bonds. These securities are widely held in Canada but usually in comparatively small amounts. The holdings were often originally acquired

through inheritances or resulted from migration to Canada of former British residents. A concentration occurs in holdings of certain issues of the United Kingdom Government, although a great variety of stocks and bonds of British companies is held. In addition Canadians had investments in the securities of other British countries estimated at \$12 million in 1954.

Canadian holdings of other foreign securities are also widely distributed over a great variety of foreign stocks and bonds, and had an estimated value of \$303 million in 1954. But with these groups also there is some concentration in so far as the value of investments goes. In the case of holdings of foreign stocks, which had risen to a new peak value of \$210 million at the end of 1954, the greatest concentration has been in the holdings of stock of a few companies operating in Latin America in the fields of petroleum products and public utilities. Canadian holdings of this group of bonds have risen to \$103 million but the total is still much less than in 1930. The most important concentration in the holdings of foreign bonds was originally in issues of Latin American and European bonds. These holdings are now much less than at the beginning of the war and in earlier periods. Prominent among additions to holdings in the post-war years have been Canadian subscriptions to issues of the International Bank floated in Canada and to State of Israel bonds.

Portfolio investments described above do not include the investments in foreign securities by Canadian banks and insurance companies which are referred to in the comments below on the international operations of these institutions.

#### Canadian Investments in Latin America

Canada's private long-term assets in the Latin American republics were valued at about \$322 million at the end of 1954. This represented about one-eighth of total private Canadian investment abroad, or nearly one-half of the investment outside of the United States. It may be compared with \$6.3 billion of similar investment by the United States in the area.

Canadian investment in Latin America is heavily concentrated. Holdings in a few companies account for more than three-quarters of the total, and about thirty companies make up most of the series. While a number of Canadian banks and insurance companies operate in Latin America, their capital investment is on balance small because of the nature of their investment, and it is not included in the total.

The value of Canadian investment in Latin America has been growing appreciably in recent years, with much of the expansion in several companies. The rate of growth has been sufficient to have more than replaced the drop in 1948 in the

investments held by Canadian companies due to the sale by Imperial Oil Limited of shares of International Petroleum Company, Limited.

As will be seen from statement 33 the Canadian total is dominated by investment in South American utilities. It is only in this sector that Canadian investment is significant in relation to that of the United States<sup>1</sup>, and in some utility companies like Brazilian Traction, Light and Power Company, Limited, Canadian capital is associated with capital from other countries.

**STATEMENT 33. Canadian Investment in Latin American Republics  
End of 1954**

(Book values of direct and portfolio investments in millions of Canadian dollars)

Utilities .....	245
Industrial and commercial concerns .....	20
Petroleum .....	19
Other mining .....	20
All other assets .....	18
<b>Total .....</b>	<b>322</b>
Mexico, Central America, and Antilles.....	33
South America.....	289
<b>Total .....</b>	<b>322</b>

The total investment in Latin America of companies incorporated in Canada is much larger than the actual investment owned by Canadians because of the substantial non-Canadian interest in some of these companies. The total investment is estimated to be of the order of \$1.1 billion.

1. United States direct investment in utilities in Latin America in 1954 amounted to U.S. \$1,120 million.

**Operations Abroad of Canadian Insurance Companies and Chartered Banks**

Because of the nature of the operations of Canadian financial institutions outside of Canada their external assets have not been included among assets shown in statements of Canada's assets abroad appearing in this report. The reason for this treatment is that the external position of each of these groups of institutions is affected by liabilities abroad as well as assets.

In the case of Canadian insurance companies there is a large volume of business conducted abroad particularly by some companies in the field of life insurance. For a long period total liabilities abroad for all the companies in this group greatly exceeded their assets abroad. This arose from the practice of maintaining a portion of the reserve funds applicable to foreign business in Canadian assets, including Canadian debtor securities payable optionally or solely in foreign currencies. But in recent years liabilities abroad have only exceeded assets located abroad by relatively small amounts as is shown in statement 34. Compared to these branch assets and liabilities, the differences between gross assets and liabilities in different currencies have been greater. At the end of 1952 net assets in United States funds, exclusive of optional pay Canadian securities, amounted to some \$146 million. In the case of sterling, liabilities exceeded assets by some \$32 million and there was also a relatively large net liability in other currencies. An analysis of the assets of Canadian life insurance companies outside of Canada is shown in statement 35.

Canadian chartered banks operate abroad through nearly 125 branches, sub-branches, agencies and subsidiaries located in the United Kingdom, United States, France, Cuba, West Indies, and Central and South America. The gross assets of these branches were of the order of \$1,150 mil-

**STATEMENT 34. Canadian Life Insurance Companies' Assets and Liabilities Outside of Canada, Selected Year Ends**

(Millions of dollars)

	Assets	Liabilities	Net Liabilities
1926.....	237	322	85
1939.....	835	1,046	211
1945.....	1,401	1,491	90
1951.....	1,823	1,827	4
1952.....	1,925	1,931	6
1953.....	2,047	2,051	4

lion at the end of 1954<sup>1</sup>, but these assets were held against liabilities to customers and to the head offices. During the war the net investment abroad of Canadian chartered banks both directly and in branches was reduced to necessary amounts of working capital. Since September 30, 1950, when banks again began to act as principals in Canadian

1. The statutory Statement of Assets and Liabilities of the Chartered Banks of Canada for the end of 1954 indicated total bank assets in the form of gold and coin outside Canada, foreign government and bank notes, foreign currency deposits, foreign securities, and call, short, and current loans abroad, aggregating \$1,165 million. Deposit liabilities in foreign currencies totaled \$1,030 million. Not all of these assets or liabilities were foreign, e.g. loans abroad and foreign currency deposit liabilities are each affected by some transactions with Canadians. The statutory Statement does not lend itself to precise international economic analysis, and special arrangements exist to arrive at the changes in bank capital abroad incorporated in Canadian balance of payments.

exchange markets, they have, from time to time, added comparatively moderate amounts to their working capital positions abroad or have held exchange temporarily to meet forward commitments. These international capital movements, which are included in "other capital movements" in the balance of payments, have some of the characteristics of changes in official holdings of gold and foreign exchange. The value of net chartered bank holdings of foreign exchange is now however, small in relation to the official reserves. Net holdings of the Bank of Canada are included in the official holdings.

The net external assets of Canadian chartered banks were of greater significance in the decade of the 1920's when they constituted part of the liquid reserves of the Canadian banking system at a time before the official Exchange Fund was established.

#### STATEMENT 35. Assets of Canadian Life Insurance Companies Outside of Canada, 1951-1953

(Millions of dollars)

	1951	1952	1953
Securities held in			
United Kingdom .....	345	352	370
Other British countries .....	94	96	103
United States .....	1,030	1,084	1,130
Latin America .....	12	15	18
Other countries .....	10	11	13
<b>Total securities</b> .....	<b>1,491</b>	<b>1,558</b>	<b>1,634</b>
Mortgage loans .....	142	170	199
Loans on policies .....	85	93	103
Cash .....	47	40	42
All other .....	58	64	69
<b>Total assets abroad</b> .....	<b>1,823</b>	<b>1,925</b>	<b>2,047</b>



## PART III

### CANADA'S INTERNATIONAL INVESTMENT POSITION AND THE BALANCE OF PAYMENTS

One of the leading consequences of recent changes in Canada's investment position has been the increasing of contacts between the Canadian economy and that of the United States. This has been brought about by a great variety of ways, but some of the effects of changes in investment position are suggested by certain comments elsewhere in this report as well as in the following part.

For some years now much larger proportions of Canada's foreign trade have been with the United States than was the case in the past. The same applies to income remittances, various exchanges of services and capital movements. While it would require an extensive study to elucidate all of the inter-relationships with Canada's investment position, some of these are clearly indicated. Among these are the direct and indirect influences which the large group of United States direct investments have upon the direction of Canadian trade. In some cases United States investments have led to the development of Canadian sources of industrial materials for the United States. In other cases the investments have increased Canadian demands for United States commodities. This has been brought about in many ways but is well illustrated in the extent to which consumer durable goods and industrial machinery and equipment are produced in Canada in concerns controlled in the United States. The products themselves are designed by parent concerns and sales are stimulated by the advertising programmes of those concerns. Even when the products are manufactured by Canadian subsidiaries there is usually a close trading link with the United States through dependence upon United States suppliers for parts or components and for industrial equipment. The close contacts which exist with United States technology also tend to extend these trading relationships. Likewise but to a less extent some Canadian direct investments in the United States have led to increased trade between the two countries.

Many of the inter-relationships referred to above have been apparent for a long time, others will increase as investments only recently made become fully developed. A more detailed description of specific factors at work follows.

International investment has many effects on the balance of payments. For example, heavy capital inflows have been associated with current deficits and domestic prosperity. But some of the relationship of these factors are too complex to suggest simple lines of cause and effect. Foreign capital has been attracted by opportunities in Canada and has in turn created further opportunities for investment by participation in Canadian development. In the financial sense, the capital inflows have covered the current account deficits which have appeared in periods of exceptionally rapid rates of growth.

The deficits themselves have usually resulted from the relative rapidity of economic growth in Canada in certain periods, due in part to foreign investment, which has put pressure on Canadian resources. Some effects which are capable of measurement are discussed below. The direct effects include in particular the flow of investment funds, the transfer of income and services, and changes in exports and imports. The indirect effects on the balance of payments are also important, but do not lend themselves easily to measurement. It should be kept in mind, too, that some of the effects of recent capital inflows have not yet appeared. For example, new export industries in the course of development are not yet in full production nor have the effects of many new investments on income payments yet emerged.

The total effect of new investment on incomes and employment is larger than the actual outlays would indicate. The respending of the initial outlays affects incomes and spending in a number of industries, and in some degree affects imports and other current payments. The introduction into the recipient country of techniques and products used in the capital-supplying country affects the rate of technological change, living standards and the pattern of consumer spending, with numerous effects on international transactions.

The capital flows associated with international investment are analysed in detail in various Bureau publications. Some of the effects of international investment on international trade, transfers of income, and business services are considered below.

#### International Investment and International Trade

Both exports and imports are greatly affected by the consequences of the flow of funds for international investment. The initial capital movement itself may be closely related to commodity trade, such as when the import of a particular commodity is financed by a specific capital flow. With respect to subsequent direct effects on international trade, it is useful to distinguish broadly two different motives. Some direct investments in Canada are undertaken primarily to supply parent and other non-resident companies with raw or processed materials and the amounts sold in the Canadian market may be relatively small. The foreign investments associated with some metals, newsprint, and iron ore are cases in point. It has been estimated, for example, that about one half of the value of fourteen commodities exported to the United States, which comprised 60 per cent of total Canadian exports to the United States in 1952, was attributable to United States direct investment companies in Canada<sup>1</sup>.

1. United States Department of Commerce, Survey of Current Business, December 1953.

In effect, the earnings of many of the United States direct investment companies in Canada are closely related to sales in the U.S. market. The process by which such products are produced for export, and to some extent for domestic consumption, involves imports as well. Broadly speakly, however, the effect on exports is likely to be larger than that on imports over a period of time.

Turning to another motive for direct investment, the purpose may be mainly to supply the domestic market in Canada. Exports may still be large, of course, as Commonwealth markets in particular become more easily accessible because of trade preferences. Original direct investment in the automobile industry, to serve Canadian and overseas markets, is a case in point. In such cases the effect on imports can vary a good deal, depending on such factors as the degree of manufacturing undertaken in Canada and the extent to which the product was formerly imported. If a manufacturing plant is established, for example, imports of finished products may be lessened but those of parts increased. The extent of the effect on imports would depend in part on whether the product had been imported to an important degree before manufacture or assembly in Canada was undertaken, or whether it is relatively new to the Canadian market and how rapidly its use spreads. In some cases foreign investment has helped to decrease imports significantly, or modified their increase.

Investment in petroleum, undertaken to an important extent by United States companies, is the most striking example in the post-war years. Inflows of capital into this industry in Canada have been of dominating importance in Canada's capital account in the last half dozen years. The total capital inflows for petroleum exploration, development, refining and pipelines in the period 1946-54 amounted to about \$1,125 million, of which \$210 million occurred in 1954. The increase in crude petroleum production for domestic consumption since 1947, valued at the average import price which prevailed in each year, had amounted to \$760 million by the end of 1954. If it had been necessary to import this petroleum, the international transportation costs associated with such imports would have been of the order of \$170 million. In addition, exports of crude petroleum from 1951-54 amounted to \$17 million and have since been rising appreciably. In terms of these particular items, therefore, the investment in and production of crude petroleum since 1947 led to a foreign exchange saving of the order of \$950 million up to the end of 1954, of which about \$290 million was in 1954. Subsequent effects on the balance of payments will be even greater as production rises with expanding markets. Developments associated with the processing of crude petroleum production, in addition, have in some cases moderated the increase in imports of petroleum products. On the other hand, there have been a number of offsets to the above effects. The exploration, development, refining and transportation of crude petroleum have led directly to increases in a

number of imports, such as some types of machinery and equipment, and in business services. The widespread effects of development on other industries and on incomes have indirectly affected imports of goods and services also. Income payments abroad have grown and, in time, will expand further to provide additional offsets to the saving in foreign exchange.

The investment of funds derived from new issues placed abroad, or from direct investment inflows, need not lead directly to imports. Various types of investment projects have quite different import contents. In the case of new issues in particular, much of the spending will be directed initially to domestic labour and materials. As noted above, the respending of incomes generated by such foreign financed projects may indirectly increase imports. Where imports are involved in such projects, however, it should be noted that capital inflows finance such imports. In the period 1946-54 direct investment inflows were \$1,945 million and inflows from sales of new Canadian issues abroad were \$2,166 million; together these financed 9.4 per cent of total imports of goods and services and retirements of debt amounting together to \$43,719 million. The extent to which foreign capital has financed Canadian investment since the war is examined elsewhere in this report.

#### International Investment and Income Transfers

The return on international investment consists mainly of interest on bonds and debentures, and dividends on stocks. Relatively small amounts of branch profits of commercial and industrial establishments are included with dividends in the balance of payments. In addition to these items, which make up the interest and dividend item of the current account, the return on international investment includes certain miscellaneous types of income. These are included in "all other current transactions" in statements of the current account, and include such transfers as profits of banks and insurance companies, and interest on loans and advances.

The extent and nature of international investment are dominant factors in the level of income transfers. Many other factors are involved, however, and over short periods of time the changes in income transfers and those in international investment may not reconcile closely. With respect to dividend transfers, it is useful to distinguish between dividend payments to non-residents by companies controlled in Canada, and those by companies controlled by a specific non-resident corporation or related group. In the former case the extent of foreign ownership of shares, the earnings of the company, and the extent to which such earnings are paid as dividends will determine dividend transfers abroad. For companies controlled abroad the same considerations, and some additional ones, will apply. Decisions between related parties are

**STATEMENT 36. Receipts and Payments of Interest and Dividends Between Canada and all Other Countries, 1946-1954**

(Millions of dollars)

Year	Receipts		Payments		Balance
	Interest	Dividends	Interest	Dividends	
1946.....	13	57	125	187	- 242
1947.....	10	54	113	224	- 273
1948.....	15	55	104	221	- 255
1949.....	26	57	104	286	- 307
1950.....	28	63	109	366	- 384
1951.....	53	62	114	336	- 335
1952.....	60	85	115	298	- 268
1953.....	63	102	121	283	- 239
1954.....	53	90	134	297	- 288

apt to lead to a great deal of volatility in dividend transfers. Transfers of profits from subsidiaries to parent companies are subject to a greater range of choice than is the case with public companies where dividend policy is relatively stable. For example, varying requirements of cash between divisions of a concern may influence transfers of dividends. And factors such as actual and expected changes in taxation and exchange rates come into play directly. With respect to the retention of earnings, the wholly-owned subsidiary need not consider as final a transfer of its earnings by a dividend, as is the case for a publicly-owned company. Payments by the latter are likely, accordingly, to be more stable.

While increased investments and rising earnings have raised both receipts and payments of dividends in the post-war period, the effects of other factors have greatly affected the timing and extent of the change. The higher level of dividend receipts since 1951 reflects to an important degree the transfer of income earned in earlier years. The peak of dividend payments in 1950 was due in part to administrative changes in exchange control which led to a temporary concentration of payments. The decline in 1951 was partly a reflection of the temporary concentration. The retention of earnings for investment, and some specialized declines in earnings in 1953 have led to further decreases since the 1950 peak level. Toward the end of 1954, however, dividend payments turned sharply upward.

Interest transfers are determined by the extent of debt, interest rates on this debt, and rates of exchange. In the post-war period the levels of interest receipts have been dominated by the extent and nature of Canadian Government lending abroad. Some of these loans were interest free for a time, while the level of rates was relatively low. The return on Exchange Fund holdings of short-term United States securities is also relatively low. In-

terest paid by foreign governments on export credits became substantial in 1948, and from 1951-54 was between \$12 million and \$14 million each year. The rapid rise of receipts in 1951 reflects the initial payment of \$23.7 million by the United Kingdom on the post-war loan.

In the early post-war years, interest payments were falling because of large retirements, refinancing at lower interest rates, and the higher value of the Canadian dollar from July 1946 to September 1949. This tendency was reversed in 1950. With rapidly rising investment in Canada, borrowing in the United States was increased. If one excludes the special borrowing in 1948 to repay drawings on the Export-Import Bank loan, new issues did not exceed retirements until as late as 1951. The lower value of the Canadian dollar in 1950-51, compared with earlier years, added to interest costs where they were payable in United States dollars. The heavy purchases of Canadian securities by non-residents in 1950 also increased payments. After 1950, furthermore, interest rates were rising. These factors were offset to a degree in 1952 with the rapidly rising value of the Canadian dollar and net sales of outstanding securities by non-residents. Large net new issues, however, have continued recently to raise interest payments sharply.

Certain miscellaneous income transfers are also relevant when the return on international investment is considered. These are included in "all other current transactions" in statements of the balance of payments. They include primarily the interest on loans and advances, income on estates and trusts, and branch profits of banks and insurance companies. These and other income items amounted to receipts and payments of \$22 million and \$33 million in 1946; by 1954 the comparable figures were \$34 million and \$37 million.

Statement 37 separates transfers of dividends by direct investment companies and interest paid to parent companies from other interest and from dividends on portfolio holdings of stock. This presentation emphasizes the differing nature of foreign investment in Canada and Canadian investment abroad.

If one neglects the sharp increases in interest receipts when interest on government loans commenced, the direct investment component has easily been the most volatile item in the income account. It will be noted that the direct investment portion of income transfers is a much greater proportion of payments than of receipts — in spite of the fact that the receipts have been very high in recent years because of transfers of past earnings. In the period 1946-54 inclusive, the direct investment portion of interest and dividend payments to non-residents amounted to 57%, while the direct investment portion of receipts was 38%. Fully 64% of the deficit on income account in the post-war period reflects net payments of direct investment income. Other interest payments were 28% of total income payments in the same period, while receipts of interest were 34% of total receipts; the rapid increase in receipts of interest on government loans in recent years has been primarily responsible for the high proportion of receipts. Dividends on portfolio holdings have been relatively more important on the receipts than on the payments side throughout the post-war period.

The industrial distribution of dividend payments to non-residents tends to parallel the industrial distribution of foreign investment in Canada. This

relationship depends, of course, on whether the foreign investment takes the form of equity financing. For example, much of the foreign investment in utilities is in the form of funded debt. Except in the case of railways, therefore, dividend payments to non-residents by this group are small. The differing profitability of various industries and the extent to which earnings are retained are also among the factors which make the parallel of dividends paid and foreign investment rather imperfect by industry.

Dividend payments by manufacturing companies and mining and smelting companies have comprised between 71% and 82% of total dividend payments in each of the four years shown in statement 38. While the share manufacturing has tended to rise from about 50% in 1939 and 1946 to about 60% in 1953, however, that of mining and smelting fell from 33% to 19% between 1939 and 1946 and to 16% in 1953. The decline in the share of mining and smelting is a reflection in part of the substantial dividends paid by the gold mining industry in pre-war years, and a temporary decline in profits of some mines in 1953. It also reflects the fact that the heavy foreign investment in petroleum exploration and development in the post-war period has as yet had relatively moderate effects on dividend payments abroad. It should also be noted that dividends paid by petroleum refining companies are included in the Non-Metallic Minerals group of Manufacturing.

Dividend payments to non-residents include payments by companies controlled abroad (direct investment dividends), payments by companies controlled in Canada (portfolio dividends), and profits of unincorporated Canadian branches of foreign

STATEMENT 37. Investment Income Transfers Between Canada and Other Countries  
by Direct Investment and Other Transfers<sup>1</sup>, 1946-1954  
(Millions of dollars)

	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Receipts:</b>									
Direct investment .....	35	28	31	26	33	29	51	68	55
Other interest .....	13	10	15	26	27	52	60	63	53
Other dividends .....	22	26	24	31	31	34	34	34	35
<b>Total .....</b>	<b>70</b>	<b>64</b>	<b>70</b>	<b>83</b>	<b>91</b>	<b>115</b>	<b>145</b>	<b>165</b>	<b>143</b>
<b>Payments:</b>									
Direct investment .....	147	183	174	233	309	272	237	220	236
Other interest .....	119	107	97	98	102	108	108	114	124
Other dividends .....	46	47	54	59	64	70	68	70	71
<b>Total .....</b>	<b>312</b>	<b>337</b>	<b>325</b>	<b>390</b>	<b>475</b>	<b>450</b>	<b>413</b>	<b>404</b>	<b>431</b>
<b>Net payments:</b>									
Direct investment .....	112	155	143	207	276	243	186	152	181
Other interest .....	106	97	82	72	75	56	48	51	71
Other dividends .....	24	21	30	28	33	36	34	36	36
<b>Total .....</b>	<b>242</b>	<b>273</b>	<b>255</b>	<b>307</b>	<b>384</b>	<b>335</b>	<b>268</b>	<b>239</b>	<b>288</b>

1. Miscellaneous income transfers are excluded.

**STATEMENT 38. Industrial Distribution of Dividend Payments by Canadian Companies to Non-Residents, Selected Years, 1939-1953**

(Millions of dollars)

Type of business	Total outside of Canada			
	1939	1946	1950	1953
<b>Manufacturing:</b>				
Vegetable and animal products.....	22.6	23.9	42.8	26.2
Textiles .....	3.4	5.0	5.7	2.3
Wood and paper products .....	4.5	9.5	44.5	24.9
Iron and its products .....	9.4	20.2	66.3	34.6
Non-ferrous metals .....	5.1	15.4	29.3	26.3
Non-metallic minerals .....	23.5	13.7	22.5	26.1
Chemicals and allied products .....	13.5	10.1	23.4	19.5
Miscellaneous manufactures .....	0.5	0.6	6.3	5.0
<b>Total Manufacturing .....</b>	<b>82.5</b>	<b>98.4</b>	<b>240.8</b>	<b>164.9</b>
Mining and smelting .....	56.2	34.8	59.0	44.5
Railways and public utilities .....	8.5	26.8	23.7	28.2
Merchandising .....	5.5	6.9	16.2	15.0
Financial .....	6.1	5.8	11.3	9.4
Miscellaneous .....	1.4	2.0	7.0	5.8
<b>Total Non-Manufacturing .....</b>	<b>77.7</b>	<b>76.3</b>	<b>117.2</b>	<b>102.9</b>
Unclassified <sup>1</sup> .....	9.8	12.3	8.1	15.2
<b>Total payments .....</b>	<b>170.0</b>	<b>187.0</b>	<b>366.1</b>	<b>283.0</b>

1. Including remittances of profits by unincorporated branches, which are not classified by industry.

companies apart from banks and insurance companies. About 65% of dividend payments to non-residents in three of the years shown in statement 39, and 75% in 1950, were paid to the United States by corporations controlled in that country. As is clear from the statement, payments by these corporations dominate the movements in the totals and in a number of industries. Of the total of \$183 million paid to the United States in 1953 by corporations controlled in the United States, \$106 million was paid by corporations wholly owned in the United States.

Portfolio dividend payments are somewhat less heavily concentrated in the manufacturing industries. In 1953 about 40% of such payments to non-residents originated in the manufacturing field — mainly in vegetable products and wood and paper products — 40% in utilities, and most of the remainder in the mining and financial sectors of the economy. Profits of unincorporated Canadian branches of foreign companies were mainly concentrated in the merchandising, manufacturing, and financial sectors in 1953.

**STATEMENT 39. Industrial Distribution of Dividend Payments to the United States by Canadian Companies Controlled in the United States, Selected Years, 1939-1953**

(Millions of dollars)

Type of business	1939	1946	1950	1953
<b>Manufacturing:</b>				
Vegetable and animal products.....	11.3	14.5	27.1	13.6
Textiles .....	1.4	3.4	3.3	0.5
Wood and paper products .....	3.7	7.7	32.6	13.4
Iron and its products .....	8.3	19.1	63.5	31.3
Non-ferrous metals .....	4.8	14.9	29.1	25.6
Non-metallic minerals .....	22.4	12.5	20.8	22.0
Chemicals and allied products .....	9.6	7.6	19.9	15.7
Miscellaneous manufactures .....	0.5	0.6	6.2	4.9
<b>Total Manufacturing .....</b>	<b>62.0</b>	<b>80.3</b>	<b>202.5</b>	<b>127.0</b>
Mining and smelting .....	34.9	23.9	45.6	29.9
Railways and public utilities .....	4.7	7.8	6.0	6.4
All other.....	6.0	8.0	25.3	19.5
<b>Total Non-Manufacturing .....</b>	<b>45.6</b>	<b>39.7</b>	<b>76.9</b>	<b>55.8</b>
<b>Total payments<sup>1</sup> .....</b>	<b>107.6</b>	<b>120.0</b>	<b>279.4</b>	<b>182.8</b>

1. Excluding "unclassified" amounts appearing in statement 38. Profits of unincorporated branches, controlled in the United States, which are included with "unclassified", were \$7 million in 1953.

Dividend receipts in 1953 were \$102 million, of which \$68 million were from companies controlled in Canada. About 70% of such direct investment receipts went to corporations in Canada which are in turn Canadian controlled; these corporations are virtually all in the manufacturing field. Most of the remaining 30% was received by Canadian corporations controlled in the United States. These, too, are mainly in the manufacturing field, with some important cases in mining and utilities. Portfolio dividend receipts originate mainly in the United States and Latin America. In the former case, the major dividend receipts are from investments in the pulp and paper, petroleum, automobile, and utility fields.

Net payments of interest and dividends have been the largest single deficit item in the current account in every year since the war. Such net payments were \$242 million in 1946. Except for a small decline in 1948, they rose steadily in each of the succeeding years to a peak of \$384 million in 1950. While receipts continued to rise after 1950, however, payments have fallen. The deficit on this account was steadily reduced to \$239 million in 1953. In 1954, however, declining receipts and rising payments raised the deficit to \$288 million.

Over the period 1946-54 receipts and payments of interest and dividends were 2.3% and 8.5% respectively of total current receipts and payments, excluding mutual aid. The deficit is even more significant since it is primarily with the United States, thus adding to the usual deficits on several other current items with that country. The deficit on income account with overseas countries has contracted over the post-war period, mainly because of receipts of interest on government loans. By 1954 the interest and dividend account with overseas countries was virtually in balance.

Interest and dividend receipts in 1954 were only 2.2% of gross external assets at the end of 1953, while payments were 3.4% of gross liabilities. The reason for this discrepancy is the large proportion of gross assets earning no income, such as gold, or a relatively low income, such as government loans and exchange holdings. (On these assets which represented some 57% of Canada's gross foreign assets, the return in 1954 averaged less than 1¼%). The difference between the two percentages has narrowed considerably since the war, however. Income receipts have grown faster than gross assets, while the converse has been true for income payments in relation to gross liabilities. Interest and dividend receipts in 1946 were 1.8% of gross assets at the end of 1945, while payments were 4.1% of gross liabilities. The differing changes in the two percentages over the years are due to a variety of factors. On the receipts side commencement of interest receipts on government loans and some transfers of accumulated income in recent years would contribute to the increased per cent received. The decline in the ratio of income payments to gross liabilities since 1946

seems to be due mainly to larger retained earnings on the growing proportion of investments in equity forms, the lag in profits on new investments, and a lower average rate of interest on Canada's external bonded debt.

It is of interest to relate payments of interest and dividends to the total current receipts which (along with any net capital inflow) finance them. In 1926-30 interest and dividend payments were 18% of total current receipts. They rose to 34% in 1931-33 since total current receipts were sharply reduced but interest payments tended to increase, and dividends fell relatively slowly for a time. In 1938-39 they had fallen back to 22% of current receipts. With the greatly increased value of commodity trade in 1946-54, the proportion of interest and dividends to current receipts had fallen to 8.6%. In 1954 this ratio was 8.2%.

Total interest and dividend payments in 1946-54 inclusive amounted to \$3,537 million. In addition, there were miscellaneous income payments of approximately \$300 million. The foreign exchange necessary for these transfers has been provided to an important extent by the capital movements which give rise to them. In the period 1946-54 net new issues led to a capital inflow of only \$97 million and trade in outstanding Canadian securities to an inflow of \$489 million, but direct investment inflows were \$1,945 million. The capital movements, and particularly direct investment inflows, which give rise to income transfers, have provided two thirds of the foreign exchange necessary to finance such transfers in the post-war period. It should be noted, however, that while in the past the rate and direction of foreign capital flow has varied considerably, income payments are on a continuous outward basis and tend to be far more rigid.

Debits and credits in the balance of payments are not the full measure of the earnings of international capital. Important amounts of profits accrue to shareholders but remain undistributed, becoming a source of funds for expansion of the enterprise. The available data presented in statement 40 suggest that companies in Canada have distributed about 49 per cent of their net earnings in the post-war period. But the payments on foreign direct investments in Canada have amounted to some 55 per cent compared to some 45 per cent for the other companies.

Possible explanations for these differing behaviour patterns are not difficult to find. In the publicly-owned sector there is a greater incentive to maintain reasonably stable dividend rates than in the case of subsidiary companies. Dividend payments by the latter are a matter internal to the corporation as a whole and do not represent a final disposition of corporate resources. Moreover it is possible that Canadian publicly-owned companies as a whole have to rely to a greater extent than the large foreign-controlled companies on "internal" sources of financing expansion. Turning to Cana-

## STATEMENT 40. Proportions of Earnings Distributed and Earnings on Direct Investments

	1946-1954	1946-1949	1950-1954
	(Percentage)		
<b>Percentage of Estimated Net Earnings Distributed:</b>			
All Canadian Companies .....	49	46	50
Foreign direct investment in Canada .....	55	58	53
Other Canadian .....	45	40	48
Canadian direct investments in companies abroad .....	29	25	31
<b>Estimated Net Earnings as a Percentage of Book Value<sup>1</sup>:</b>			
Foreign direct investment in Canada .....	12	13	12
Canadian direct investment abroad .....	15	16	14

1. Average of beginning of each year.

dian direct investments abroad it is interesting to note earnings distributed have amounted in the post-war period to only 29 per cent of the total although this figure has been rising. During the period of exchange control Canadian companies probably preferred to expand enterprises abroad through the retention of earnings rather than seeking to transfer funds from Canada.

On the whole it would appear that net earnings on foreign direct investment in Canada from 1946 to 1954 have represented about 12 per cent of underlying book values, while the comparable figure for Canadian direct investment abroad has been nearer 15 per cent. Earnings in the period 1950 to 1954 have been lower in each case relative to the book value capital invested; the difference between the two series also has been smaller. United States data indicate that average earnings on all that country's foreign direct investments have been considerably larger than in the case of Canada; a higher return on investments in countries other than Canada is probably indicative of greater political, and economic risks and of less developed domestic capital markets in some other parts of the world. In assessing different series, however, it should be borne in mind that corporate accounting practices affecting the book values on which the data are based may not be wholly consistent, and that because of the lengthy gestation period of some capital developments earnings may not appear until some years after the rise in book values reflecting the initial investment.

#### Business Services and International Investment

The proximity of Canada to a large and energetic industrial country has led to close commercial and financial ties, often expressed through foreign investment or affiliations between companies, which involve large business service transfers. These

particular services are included in the miscellaneous account of the balance of payments. They make up a major part of the item "business services and other transactions" in statement 41. In effect, such services represent part of the cost associated with the borrowing of technology from abroad.

While both direct investment companies and Canadian controlled companies are involved in such international transfers, the link to the former is particularly close. Both at the time the investment is undertaken, and on a continuing basis thereafter, the parent company's research and other facilities will be at the disposal of the Canadian branch or subsidiary. In 1953 Canadian companies controlled abroad paid to non-residents over \$90 million in business services of the types described below; over \$75 million of this was paid to parent or affiliated companies abroad. These same Canadian companies received about \$15 million for similar services to non-residents, mainly from parent or affiliated companies. In addition, many Canadian owned companies purchase from non-residents the use of processes, products, and various services, at times on a continuing basis through affiliations with firms abroad.

It should be noted in this connection that the charges involved between related parties may be quite arbitrary. In the formative years in particular, a subsidiary or branch may not be charged for certain services, or the costs of such services may be capitalized at low rates of interest.

These myriad business services do not lend themselves easily to classification. Mention of some of the more prevalent types will disclose their nature more clearly. Administration and management services by the parent to the subsidiary or branch are a common type of service directly resulting from foreign investment. Both Canadian owned companies and subsidiaries may purchase technical services

**Statement 41. Miscellaneous Current Transactions with All Countries  
1946, 1952-54**

(Millions of Dollars)

	1946		1952		1953		1954	
	Re- ceipts	Pay- ments	Re- ceipts	Pay- ments	Re- ceipts	Pay- ments	Re- ceipts	Pay- ments
Government transactions, n.o.p. <sup>1</sup> .....	14	19	122	87	149	153	118	120
Personal and institutional remittances .....	26	38	20	50	22	55	22	57
Miscellaneous income <sup>2</sup> .....	22	33	31	39	30	35	34	37
Business services and other transactions .....	123	165	108	245	118	247	124	264
<b>Total</b> .....	<b>185</b>	<b>255</b>	<b>281</b>	<b>421</b>	<b>319</b>	<b>490</b>	<b>298</b>	<b>478</b>

1. Including official contributions.

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

from engineering and other firms abroad. Fixed payments such as royalties, patents and copyrights arise when arrangements for production and marketing are made, either by subsidiaries or Canadian owned firms. Such arrangements may lead to other business service payments, such as advertising expenditures. Commissions and fees are important, particularly with respect to international trade in certain products.

These and other payments have their counterparts on the receipts side. Canadian direct investments abroad, for example, involve various services supplied by parent companies in Canada. In addition, Canadian firms supply a number of technical services to non-related firms abroad. The deficit from "business services and other transactions", however, has ranked second only to that on income account in the post-war period, and has grown rapidly since the early post-war years. Much of this deficit is, in effect, one aspect of Canada's net international debtor position.

#### Capital Movements

A close relationship exists between international movements of capital and international investment position although, as will be evident from statement 42 and 43, indebtedness is affected by a number of factors in addition to the capital movements appearing in balance of payments statements. In the nine years from 1946, Canada incurred a net deficit on current account of \$521 million, yet in this same period net international indebtedness is estimated to have risen some \$2,900 million. Retained earnings of international capital played much the largest role in the difference, although such other factors as the entry of Newfoundland into Confederation and the rise in the external value of the Canadian dollar were also important. There are many other explanations for differences, which

do not lend themselves to precise measurement and are generally too small to be shown separately in the accompanying statement. Among these are the exclusion from estimates of Canada's investment position of short-term commercial indebtedness and holdings of blocked currencies, the exclusion from balance of payments statistics of capital profits, losses, revaluations and similar accounting adjustments, and also the untransferred capital of migrants and inheritances, and the varying effects on the two statements of investment transactions at prices differing from the underlying book values.

**Statement 42. Effect upon Canada's  
International Investment Position of Capital  
Movements between Canada and Other  
Countries, 1946-1954**

(Billions of Dollars)

Item	Foreign Assets	Foreign Liabilities
Direct investment .....	+ 0.2	+ 1.9
Portfolio securities .....	- 0.1	+ 0.6
Government credits, etc. ....	+ 1.0	-
Official holdings of gold and foreign exchange .....	+ 0.5	-
Other .....	+ 0.4	-
<b>Total</b> .....	<b>+ 2.0</b>	<b>+ 2.5</b>

For other factors affecting Canada's international investment position, see statement 43. Additional details and discussion of capital movements between Canada and other countries in the post-war period will be found in the DBS publication "The Canadian Balance of Payments In The Post-War Years, 1946-1952" and in subsequent annual reports.



**Statement 43. Factors Contributing to the change in Canada's International Investment Position, 1946-1954**

(Billions of dollars)

	Gross Liabilities			Gross Assets			Net Indebtedness
	Long-term investment in Canada	Other	Total	Private long-term investment abroad	Other	Total	
Investment position, end of 1945 .....	7.1	0.5	7.6	1.3	2.5	3.8	3.8
<b>Changes 1946-54</b>							
Capital movements <sup>1</sup> .....	+ 2.5		+ 2.5	+ 0.1	+ 1.9	+ 2.0	+ 0.5
Union with Newfoundland .....	+ 0.2		+ 0.2				+ 0.2
Retained earnings on direct investments	+ 1.8		+ 1.8	+ 0.9		+ 0.9	+ 0.9
Exchange adjustments on direct investments abroad .....				- 0.2		- 0.2	+ 0.2
Exchange adjustments on official reserves .....					- 0.3	+ 0.3	+ 0.3
All other factors, including retained earnings on portfolio investment .....	+ 0.8	+ 0.4 <sup>2</sup>	+ 1.2	+ 0.3	+ 0.1	+ 0.4	+ 0.8
Contra entries <sup>3</sup> .....	+ 0.1	+ 0.2	+ 0.3	+ 0.1	+ 0.2	+ 0.3	-
<b>Investment position, end of 1954 .....</b>	<b>12.5</b>	<b>1.1</b>	<b>13.6</b>	<b>2.5</b>	<b>4.4</b>	<b>6.9</b>	<b>6.7</b>

1. For detail see statement 42.

2. Growth in equity of non-residents in assets abroad, 0.3.

3. Special transactions reflecting the simultaneous acquisition of assets and liabilities which were not recorded in balance of payments statements.

## STATISTICAL NOTES AND DEFINITIONS

## Sources of Information

Reliable statistical information on international investments of capital is a necessary basis for the study of the balance of payments of a country as well as the study of indebtedness and economic development. This field of statistics can be given a sound foundation by research into a variety of typical and special situations surrounding these investments with the co-operation of business concerns and others directly concerned in reporting information.

The statistical problems which emerge are usually associated with the ownership of securities and basis of valuation.

As will be apparent from the notes which follow, some groups of investments are more readily ascertained and measured than others. It appears that most investments entering into Canada's international investment position have been covered. In general, statistics on investments of foreign capital in Canada and Canadian direct investments abroad are more detailed and comprehensive than is the case with Canadian investments abroad in public issues of foreign securities. While information on international direct investments in both directions and on non-resident holdings of stocks of Canadian companies has been built up in a comprehensive manner with the co-operation of the business firms concerned, there are some areas of investments like holdings of some issues of bearer securities on which information must of necessity be less precise. This type of investment mainly in the form of bonds and debentures has represented recently a smaller proportion of the total foreign investments than was the case in earlier decades. Nominee holdings also introduce complicating situations which, however, are not typical of the great majority of investments.

Statistics on most aspects of Canada's international investment position have a reliable foundation made possible by the co-operation of many thousands of business concerns and other principals. For a period of over three decades statistical information in this field has been accumulated by the Dominion Bureau of Statistics and has been reinforced on various occasions by information from other sources as well. Related data such as remittances of income indicated by Taxation records and exchange transfers have also been reconciled with the investment records. Extending over a period of this duration there has been a considerable change in sources and concepts and a brief historical review of these is a necessary preliminary to reveal the course of development of this field of statistics.

In the early 1920's information on foreign investments in Canadian industry was initially assembled by a question on Census of Industry schedules re-

turned to the Bureau by Canadian producers. This was only preliminary to the direct collection of information on the geographical distribution of ownership of capital. Through the latter process the development of the records of international investments in Canadian business has proceeded, first in the Internal Trade Branch of the Bureau and later in the Balance of Payments Section. Extensive records of the ownership and control of business concerns in Canada have been built up in this manner as new firms in which foreign ownership is significant have been added continually. These records have, of course, been under constant change and review as additions and deletions or other changes are made to take account of changes in international ownership. Many sources of information are used in this process.

To reinforce the records built up by this continual process there have been other special undertakings as well which deserve mention. In the 1930's a question was again placed on Census of Industry schedules asking if there was foreign capital invested in the plants covered. While this did not add many new investments to the records it provided a way of ensuring that the coverage at that time was comprehensive. Again with controls introduced in World War II new sources of information on many aspects of investment became available to supplement, where necessary, already established sources. Among these were records of the foreign Exchange Control Board and the Custodian of Enemy Property. Sources like these have contributed in various ways to the completeness of the records of investments. Even though they may not have added large additions of new information on former investments, their existence was a further means of ensuring the completeness of the coverage. They also provided new up-to-date information on many of the changes in international ownership of investments which are continually taking place.

Records of Canadian Government and Municipal bond issues originally sold abroad have also been maintained over a long period. Information permitting estimates of non-resident holdings has been obtained from a variety of sources over the years. In some typical cases the borrowers have not been able to supply as much information as can be obtained from other sources as most bonds are in bearer form. Among the sources of information on the amounts of issues placed abroad are the security dealers handling the issue. Authorities on capital placements in the United States and United Kingdom have also been of assistance in estimating non-resident ownership. Other external sources have also been used, for example an analysis of the holdings of Canadian bonds by United States insurance companies. During recent years many new Canadian issues have been placed with institutional investors in the United States.

The data on holdings at the time of original issue have been under continual review and adjustment as there is a considerable turn-over in the holdings of some groups of these bonds. The international trade in outstanding securities reported monthly by security dealers and banks has been used in making these adjustments which usually apply to the broader groups of issues, for example, provincial bonds. Among the more difficult types of investment in this field to measure are non-resident holdings of domestic issues which were originally floated in Canada. Large scale investment of this kind in domestic bonds has been largely confined to certain years. A considerable amount of information on this type of investment was obtained by an analysis of capital inflows made possible by exchange control records.

In the field of Canadian investments abroad there have been even more changes in sources of information, particularly with respect to portfolio investments in foreign securities. Information on direct investments abroad by Canadian companies has always been obtained directly from the concerns known to have this type of investment. In the case of portfolio investments in foreign securities the magnitudes were first indicated by information on the size of capital movements between Canada and other countries. Many new issues of foreign bonds were placed in Canada in the 1920's. In the same period there were substantial outflows of capital from Canada into United States stocks. On various occasions some of the leading companies in the

United States and United Kingdom have been asked for the number of their shares registered as owned in Canada. In 1939 an inventory of Canadian holdings of foreign securities at that time became available through declarations required by the Foreign Exchange Control Board. The most recent information on Canadian portfolio holdings of stock of United States companies was obtained in 1953 from over 100 of the leading companies in the United States whose shares were known to be held in Canada in substantial amounts.

The principal change in practice has been in that relating to the valuation of investments. Originally the basic valuation taken for foreign investments in Canada was the "capital employed" reported to the Census of Industry. Some comments on the limitations of that source appear below under "Basis of Valuation". But that basis is not followed in the statistics now being published for any year. Instead the basis now followed throughout the period from 1926 for which official figures are available is the "book value" also described further below. This basis has been that used in all of the statistics on foreign investment shown in publications issued after 1939 and was also used for valuing the original statistics on British and foreign direct investment in Canada for the years 1936 and 1937 as well. The last publication in which statistics on the capital employed basis appeared was, "The Canadian Balance of International Payments, a Study of Methods and Results", published in 1939.

### Basis of Valuation

Inasmuch as statistics of international investments must be built up from accessible material there are practical factors circumscribing the basis of valuation which may be used. But there are some basic criteria of values which it is desirable to have in order to meet some of the purposes for which the statistics are used. Among these criteria are consistency among reporting concerns in order that reasonably coherent statistics may be assembled and comparisons made for the whole field of international investment. Another is the need for a basis which reflects the amount of reinvested earnings as well as other introductions of new capital. It also is desirable to have some semblance to values as understood in the world of business and affairs. The most accessible basis which approaches these criteria is the "book value", i.e. value disclosed by the balance sheets of the concerns in which investment is being measured.

It should be pointed out that the book values referred to here are the depreciated values as carried by the companies in their books. Questions relating to depreciation and depletion reserves raise many subjective issues in considering a criterion. For some purposes values based on replacement costs may be desirable and other purposes may be served by values based on the original cost.

But the fact remains that statistics based on replacement costs are not available from original sources whereas the depreciated values are available in the accounts of companies. Furthermore, the same factor of depreciation is normally taken into account in profit and loss accounts in arriving at earnings. The latter are usually considered in relation to the book values as discussed here. It is important too, that the values appearing in foreign investment statistics should be comparable to values which may be used in covering the value of all capital invested in Canada. So long as the sources follow a common basis ratios derived from the two sets of figures should not be misleading.

The value which is taken to measure investment is the value shown in the balance sheets for the different securities of the companies concerned. In the case of capital stock this is the value at which the stock is shown among the liabilities plus surpluses or less any deficits which may exist. These surpluses will include any capital surplus as well as earned surpluses. The resulting value is the total of the assets less specific reserves set aside such as those for depreciation and depletion and less other liabilities which the company may have. In effect, consequently, this is a measure of the equity which the shareholders have in the depreciated value of the assets. Among the liabilities will

be other securities such as funded debt, mortgages, notes, etc. These also are taken into the statistics of foreign investment in Canada when they represent long-term liabilities to non-residents. Typical examples are corporation bonds owned by non-resident investors and in the case of direct investment in subsidiaries, accumulated advances from parent companies when these are of a long-term character. Most of the other liabilities of the Canadian companies are usually to residents such as bank loans or accounts payable to Canadian suppliers.

By way of contrast some reference should be made to an alternative basis of valuation which has at times been advanced as a desirable measure in international investment — "the market values". But this is a basis which is not normally ascertainable for the large area of investments represented by direct investments in branches or subsidiary companies where there is no public market for their securities. Even for the group of investments in marketable securities for which market values may be ascertained the basis has its shortcomings. Among these is the transitory and variable character of the market and its marginal character and the lack of stability or reality of market values in any period of large scale liquidation. Another tendency in the market value is its usual failure to include automatically the value of retained earnings or other increases in the amount of capital invested. Nevertheless to meet some of the interest which may from time to time lie in market values some comparisons have been made between market values and book values for some of the group of investments in marketable securities for which this type of comparison can be made. In different periods the comparisons show most variable results. In recent years the market values of the marketable group of Canadian stocks held by foreign investors has been substantially higher than the book values for the same group of stocks, particularly in the case of some of the stocks of Canadian companies falling in the group of United States direct investments. As might be expected this has not always been the case, a few years earlier book values in some areas of investment were significantly higher than market values.

Another basis which has been used in Canada in the past is a variation of the book value basis. This is the information on "capital employed" in Canadian industry formerly available from the census of industry returns to the Bureau. The capital employed figures originally reported to the Bureau were discontinued after the year 1943. While this series had the advantage of being available for all industrial plants and public utilities it was a special basis of valuation adapted for that purpose and had limitations when used for other purposes. Among these limitations were the ways in which working capital was covered and the difficulties in knowing how comparable the data were for all concerns. Being usually for the purpose of measuring investments in production facilities it was not adapted to some of the large enterprises with other assets than those at

the plant which are prominent among foreign-owned enterprises. In addition investments were not included in years when plants or facilities were not in production. On the other hand the figures included the value of physical assets used but not owned by reporting concerns. There were complications too, in adapting data collected on the geographical distribution of ownership to the capital employed series in order to arrive at the value of foreign ownership. In spite of these shortcomings general comparisons of results derived from capital employed and book value sources were not widely different in the aggregate in some years. But certain significant differences did emerge in comparisons of some groups of investments derived from the two sources.

Another approach which has sometimes been taken to the question of valuations is the capitalization of earnings. But a study of the data included in this report on actual earnings and remittances will indicate the shortcomings of an approach of this kind when applied to the question of valuation. Widely different arrangements and possibilities exist with respect to income to be remitted on various kinds of investments and the wide differences between earnings and transfers of income further suggest some of the unrealities of this approach. There is also the fact that international obligations may exist without there being corresponding income transfers. A study of income on investments constitutes a separate area of analysis with direct effects on the current account of the balance of payments.

The values of funded debt and other contractual obligations have been shown at the face values of the obligations. In cases where bonds are payable in foreign currencies these have been expressed in Canadian dollars by converting the obligations at the prewar par of exchange which were generally typical of rates of exchange in the period when much of the indebtedness was incurred.

Consequently these securities appear in statistics of indebtedness at the same value throughout the period covered in the statements. Changes shown in the amounts outstanding therefore reflect alterations in holdings due to such factors as new issues, retirements, or the trade in outstanding securities. The values shown also tend to be generally representative of the original investments in so far as these were made at prices close to the nominal values converted at the par of exchange. The figures are free of the sporadic changes which they would undergo if they were converted at the current rate of exchange. While this procedure makes for stability in the investment series over the longer period it should be borne in mind when data on non-resident bond holdings are considered in relation to market values or to the cost of redeeming obligations. For example in periods when the United States dollar was at a premium in relation to the Canadian dollar the value of non-resident holdings of United States dollars issues of Canadian debtors continued to be shown at par although their market

value was higher and the cost of redeeming issues during such periods was also greater than the par value. Likewise British holdings of Canadian sterling issues have continued to be shown at par although the cost of redeeming these in terms of Canadian currency has been reduced by the depreciation of sterling. The amount of sterling securities outstanding in recent years has not constituted as significant a part of the totals as was the case before World War II.

Canadian investments abroad have been generally calculated in terms of Canadian dollars at rates of exchange prevailing at the times at which the investments are shown. This is because of the necessity of expressing such a variety of foreign investments in common terms. As in the case of foreign investments in Canada the basis of valuation employed in evaluating Canadian direct investments abroad is the book value as shown by the balance sheets of the issuing companies abroad. Canadian portfolio investments abroad too, have been calculated at book values in the case of stocks of foreign companies where these values could be ascertained. Holdings of foreign bonds are carried at the nominal par values converted from foreign currencies to Canadian dollars at current exchange rates.

One further general point concerning the valuation of international investments remains to be discussed. For most purposes of analysis; the series of foreign investment must be limited to foreign investment as it relates to the Canadian economy, or in other words to foreign investment *in Canada*. But many of the companies in which foreign ownership is significant have important subsidiaries or branches abroad. These external assets are eliminated from the series on foreign investment in Canada through deduction proportionately to the ownership of the common stock (or funded debt in the case of one company whose external assets greatly exceed the equity capital in the company). When constructing the Canadian balance of international indebtedness allowance is made for the existence of this equity of non-residents in Canadian assets abroad through a special entry on the liability side. Detail of this entry may be derived from statement 32 although the values there are somewhat larger than the original deductions. This is because the full book value of foreign assets does not appear on the balance sheets of some Canadian companies who do not make a practice of presenting fully consolidated balance sheets.

A somewhat similar adjustment is made to the series for net assets in Canada of foreign life insurance companies which is derived from reports to the Superintendent of Insurance. From the series there is deducted the value of foreign securities held amongst the assets in Canada. As these foreign securities are not shown among Canadian assets abroad, this adjustment does not entail any offsetting entry on the liability side in producing the net balance of indebtedness.

### Investment Trusts and Other Special Classes of Companies

Some comment is appropriate on the treatment of a number of diversified management investment trusts referred to also in this report as "Income accumulating investment trusts". These were established in 1954 and 1955 as Canadian companies by United States interests. The funds were formed following a change in United States administrative arrangements which facilitated their formation. In the main the objectives of these funds were to provide long-term growth of principal through the two-fold process of investing in the expanding Canadian economy and of ploughing back at low tax cost all net earnings from investments. The funds have important advantages to United States investors under United States tax laws. The funds are predominantly owned in the United States and indeed have provisions ensuring that this condition may continue. But although the companies are controlled outside Canada it appeared realistic to look through the form of ownership to the underlying assets which are portfolio holdings of a large number of Canadian and other companies. Because of this characteristic foreign investment in the particular "income accumulating" investment funds and in some other funds whose underlying assets are also portfolio in character, such investments have been treated as portfolio. All of the new funds and many others, particularly open-end funds, produce their balance sheets on the basis of market value of the assets. Consequently the book value of this group of companies is affected by the trend of stock prices.

Data collected by the Bureau suggest that the "income accumulating" investment funds discussed in the preceding paragraph had a gross book value of about \$130 million at the end of 1954. About \$101 million of this represented new capital paid in, \$21 million arose from the merger of a foreign investment fund previously established to serve as a medium for investment in Canada. The balance represented earned surplus, realized gain and unrealized appreciation of investments. A part of the investment of the funds, estimated at \$11 million, took the form of non-Canadian securities. After deduction of these investments, the net book value was taken as \$119 million, of which \$117 million represented United States investment.

There are several classes of corporations under Canadian income tax legislation which have special significance for students of international investment. Canadian companies engaged exclusively in business operations outside Canada may under certain conditions qualify as Foreign Business Corporations and as such are exempted from Canadian corporation income taxes. Taxation Statistics indicates that there are more than 100 companies so classified. For purposes of Canadian statistics of foreign investment, these companies have been treated as if they were in fact non-Canadian corporations. A number of the companies have no Canadian owner-

ship and omitted altogether from the records. Where there is Canadian ownership it is classified as direct or portfolio investment abroad in accordance with the usual criteria.

Another special class of Canadian company is the Non-Resident Owned Investment Corporation, of which there are about 200. These companies as a class have very important non-Canadian assets; in 1953 their dividend receipts from foreign companies exceeded those from Canadian companies. Where these companies represented a medium for holding ownership of an operating Canadian enterprise the enterprise itself has been classified as foreign-owned in the records. In the more typical case of private companies holding portfolio investments an estimate of the Canadian holdings has been included as a component of the item "Miscellaneous Investments".

#### Ownership of Investments

Initially, of course, it is necessary to discover instances of international investments. This process may involve the use of many different types of source. Once the existence of an investment is determined the typical situation does not usually present insuperable problems in following up the investments in order to obtain the necessary information about the ownership and the form which the investment takes.

The determination of country of ownership is not normally difficult. In the typical case investments are owned directly without any intervening complications of ownership. This is the case, for instance, with subsidiary companies owned by a foreign concern which represent an extension of the operations of that concern into another country. The same applies to the securities of a Canadian concern which are registered under the name and address of the non-resident owners.

The determination of ownership may present problems when there are intermediaries holding the

#### Classification of Portfolio and Direct Investments

A detailed description of the general considerations leading to the classification of international investments either as portfolio or direct has been given earlier in Part I of this Report in the sections entitled "Nature and Ownership of Capital, Portfolio Investments, and Direct Investments". These descriptions, which apply equally to the classification of Canadian investments abroad, are not repeated here. The exceptional treatment accorded some investment funds has been outlined above at length. Those companies classified as direct investments of non-residents in Canada or of Canadians abroad are regarded as being subject to the control, real or potential, of the principal owners. Accordingly the terms direct investment and controlled company are used synonymously in this Report.

investments. These are sometimes referred to as "nominees". This type of situation may take different forms and may at times obscure the country of beneficial ownership. It tends to be exceptional, not being typical of the general body of international investments. It probably occurs most frequently in holding of stocks which may be actively traded and are held by brokers. But once the investments become established the normal practice is for them to be registered in the name and address of the owners in order that dividends will be received directly. A considerable part of the investments held by nominees is covered in the item "miscellaneous investments" whose content is described elsewhere. There may be other instances of nominee holdings appearing in the records as securities owned in the United States or United Kingdom, when the securities are held in financial centres in those countries for beneficial owners residing elsewhere. These appear to be only minor parts of the investments shown as held in the United Kingdom or the United States in this report.

#### Type of Business

In the investment statistics companies have been classified according to the principal kinds of business in which they are engaged. Some large companies have activities extending over a variety of types of business. For example, some of the principal petroleum companies have been included in the petroleum refining group of the non-metallic manufacturing industries, even though their activities extend into other types of business. Some of these companies, for instance, are engaged in the exploration for and development of crude petroleum as well as refining and production of petroleum products and have also extensive investments in the spheres of marketing and transportation. But as the corporation is the unit of classification in these statistics it is not feasible to carry the breakdown beyond the principal kind of business.

An exception to this practice has been followed in some of the tables in the "Survey of the Manufacturing Operations in Canada of the Larger Canadian Companies Controlled in the United States". In that study some classifications of production and related data have been made on the basis of establishments.

#### Estimated Values of Total Capital and Resident Owned Capital in some areas of National Wealth (as used in statements 14 to 20)

For some years past the Balance of Payments Section has prepared estimates of the percentages of selected Canadian industries owned by all non-residents and by United States residents. The cal-

ulation of this material has of course involved the estimation of the book value of the aggregate investment in the industries for comparison with the corresponding values of foreign investment in Canada compiled within the Section. The aggregate value data (and Canadian ownership which is measured as a residual) have not been published heretofore because of the considerable difficulty experienced in producing the estimates and the limited resources that could be made available for this area of research. Further work has now been done on the series and the figures have been used in a number of the statements appearing in the section of this report on "Proportions of Foreign Ownership and Control". In developing a method consideration has had to be given to changing sources of information and forms of presentation over the period covered. Comparability of results over the period has been preserved as far as possible. But it should be emphasized that the data are approximations arrived at through the combination of a number of series whose coverage and comparability may in some cases be open to question. Nevertheless it is considered that the material published will be of value to readers in assessing the relative positions of domestic and foreign capital in some areas of the economy.

In the post-war years the series have made extensive use of the Condensed Balance Sheets published by the Department of National Revenue in the annual report on Taxation Statistics. It is because this material does not become available for a considerable period after the time to which it relates that the Bureau's estimated ratios of ownership cannot be produced as currently as statistics of international investment. The Condensed Balance Sheet figures are not ideal for the uses put to them in estimating figures for the total value of selected Canadian industries comparable to the foreign investment record. Corporations are not permitted by the Department of National Revenue to file consolidated reports, while for obvious reasons consolidated balance sheets are used wherever possible in the records of international investment. One of the first problems encountered therefore is to convert the summations of balance sheets appearing in Taxation Statistics to a corresponding consolidated balance sheet basis.

For this purpose the general procedure is to total the items of funded debt, capital stock, and surplus less deficit, and to subtract from the total the investment in subsidiaries and in non-Government securities. A study of the descriptions of these items appearing in Taxation Statistics will reveal that the method followed will approximate the book value approach used in the international investment statistics, although it will be understated through the elimination of certain elements such as the short-term component of investment in affiliated, subsidiary or allied companies, and obligations of the non-corporate sector, and by the amount of agreements for sale and other contractual corporate

obligations having a term of one year or less. But on the other hand there may be offsetting elements of coverage within the estimates. The procedure followed results in a book value series which excludes all investment in foreign subsidiaries. Where the enterprise involves a Canadian holding company classified as such in Taxation Statistics, the foreign subsidiaries will not be reflected in the industrial groups used in the series. Where an operating company has a foreign subsidiary it will have been eliminated from the aggregate value through the deduction of the investment in all subsidiaries. This convenient technique cannot be applied in respect of unincorporated branches abroad which are, however, not large in relation to the magnitudes under discussion. Subject to the exceptions mentioned, which are probably of relatively limited significance, the broad aggregate series are comparable in concept although there is a difference in timing. The balance sheet data published in the most recent volume of Taxation Statistics cover fiscal years ending between January 1 and December 31, 1953. The international investment statistics for 1953 are based on the calendar year end or the fiscal year end between June 1, 1953 and May 30, 1954.

The differing stages of consolidation and classification used in the compilation of Taxation Statistics and of the Bureau's records of international investment create other problems. The totals of the broad industrial groups will be less affected than the finer subdivisions where there is greater danger of lack of comparability. In the statistics of international investment the entire enterprise is allocated industrially on the basis of the principal activity. Because the balance sheets used in Taxation Statistics are unconsolidated, if there is more than one firm in the enterprise, the aggregate book value in the latter series (as adjusted) may be spread over a number of classifications. A somewhat similar problem arises in respect of holding companies classified as such in Taxation Statistics. These are not used in the construction of the aggregate value series as the Canadian subsidiaries will themselves appear elsewhere in Taxation Statistics. To the extent however, that the holding company itself may hold significant working capital in addition to investments in operating subsidiaries this capital will not appear in the aggregate series. It is not possible as a general rule to overcome these problems other than through the overall adjustments mentioned later, although in occasional cases it is apparent from a comparison of the material than an entire enterprise has been classified differently in the two series and in these instances specific corrections may be made.

Further adjustments are also made to the adjusted consolidated balance sheet data. For example, long-term loans and advances to the companies covered in the Bureau's records are added as well as allowances for Crown corporations, exempt mines, and similar classes of investment not included in the companies fully tabulated in Taxation Statistics. The calculation of many of these items is compli-

cated and involves a considerable amount of research. The figures are inflated where appropriate, on the basis of available data, to allow for investment represented by individual ownerships, partnerships, and co-operatives. An adjustment is made in the case of unincorporated branches in Canada of foreign petroleum companies where the basis of reporting to the Bureau leads to figures significantly higher than those derived from Taxation Statistics. In the case of public utilities other than railways, additions are made in respect of government and municipal enterprises, either on the basis of balance sheet data or of relevant funded debt where balance sheet values are not available. The figures of foreign investment used in relation to these series are larger than those generally shown for investment in other utilities by reason of the foreign-owned part of this funded debt of governments or municipalities.

Figures for the total value of investment in railways and in merchandising do not make use of Taxation Statistics. The railway figure is compiled independently from balance sheet data. The figure for merchandising is also an independent estimate

but is founded on less satisfactory data than for other series and must be regarded as illustrating broad relative magnitudes only.

In compiling the aggregate data for the sub-classifications appearing in statement 20 it was apparent that in some cases differing classification either of an enterprise as a whole or of major component firms invalidated comparison with the Bureau's records. This type of disparity tended to arise particularly in some of the industry sub-classifications where vertical integration or ancillary activities of the corporations would be typical. In such cases where the total domestic and foreign capital invested in companies covered in the Bureau's series was larger, and where it appeared that the Bureau's records of companies in which foreign capital was invested would cover most of the field, the aggregate series was adjusted upwards to correspond.

Figures of Total Capital and Resident Owned Capital shown for 1926, 1930, and 1939 were derived from "capital employed" statistics available for most industries from annual returns to the Bureau until discontinued after 1943. Some comments on this source appear in the note "Basis of Valuation".



## STATISTICAL TABLES

**TABLE I. Estimate of the Canadian Balance of International Indebtedness, Selected Year Ends 1926-1955**  
(exclusive of short-term commercial indebtedness and blocked currencies)  
(Billions of dollars)

Item	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 <sup>5</sup>
<b>Canadian Liabilities (Foreign Capital Invested in Canada):</b>															
Direct investments IV, VI.....	1.8	2.4	2.4	2.3	2.7	2.8	3.0	3.3	3.6	4.0	4.5	5.2	6.0	6.7	7.5
Government and municipal bonds V.....	1.4	1.7	1.7	1.7	1.7	1.6	1.5	1.6	1.8	2.0	2.1	2.0	2.1	2.1	1.9
Other portfolio investments IV, VII.....	2.5	3.2	3.0	2.6	2.4	2.5	2.4	2.3	2.3	2.4	2.5	2.7	2.9	3.0	3.1
Income accumulating investment funds.....	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	0.2
Miscellaneous investments IV.....	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4 <sup>4</sup>	0.5	0.6	0.6
<b>Total non-resident long-term investment in Canada IV-VII.....</b>	<b>6.0</b>	<b>7.6</b>	<b>7.4</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>11.5</b>	<b>12.5</b>	<b>13.2</b>
Equity of non-residents in Canadian assets abroad.....	2	2	2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.6
Canadian dollar holdings of non-residents.....	2	2	2	0.3	0.3	0.4	0.3	0.3	0.4	0.6	0.4	0.3	0.3	0.3	0.4
Canadian short-term assets of IMF and IBRD.....	—	—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
<b>Gross Liabilities.....</b>	<b>6.4</b>	<b>8.0</b>	<b>7.7</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>12.6</b>	<b>13.6</b>	<b>14.5</b>
United States.....	3.5	4.9	4.7	4.5	5.4	5.7	5.7	6.0	6.4	7.1	7.9	8.5	9.5	10.3	10.9
United Kingdom.....	2.7	2.9	2.8	2.6	1.8	1.7	1.7	1.7	1.8	2.0	1.9	2.0	2.2	2.3	2.5
Other countries, IMF and IBRD.....	0.2	0.2	0.2	0.3	0.4	0.4	0.7	0.7	0.7	0.8	0.8	0.9	1.0	1.0	1.1
<b>Canadian Assets (Canadian Capital Invested Abroad):</b>															
Direct investments II.....	0.4	0.4	0.4	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.2	1.3	1.5	1.6	1.8
Portfolio investments III.....	0.5	0.8	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.8 <sup>4</sup>	0.9	0.9	1.0
Government of Canada loans and advances III.....	—	—	—	—	0.7	1.4	1.8	1.9	2.0	2.0	1.9	1.9	1.8	1.7	1.6
Government of Canada subscriptions to IMF and IBRD.....	—	—	—	—	—	—	0.4	0.4	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>1.3</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>4.5</b>	<b>4.6</b>	<b>4.8</b>
Government of Canada holdings of gold and foreign exchange II.....	2	2	2	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8	1.9	1.9
Other Canadian short-term assets abroad.....	3	3	3	—	0.1	—	—	—	0.1	0.1	0.1	0.3	0.3	0.4	0.3
<b>Gross Assets.....</b>	<b>1.3</b>	<b>1.5</b>	<b>1.4</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>6.4</b>	<b>6.6</b>	<b>6.9</b>	<b>7.0</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	1.9	1.9
United States <sup>1</sup> .....	0.7	0.9	0.8	0.9	0.9	0.8	0.8	0.8	1.1	1.1	1.4	1.7	2.0	2.2	2.2
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	1.5	1.5	1.5	1.4
Other countries, IMF and IBRD.....	0.5	0.5	0.6	0.4	0.5	0.7	1.3	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4
<b>Canadian Net International Indebtedness:</b>															
<b>Net Liabilities.....</b>	<b>5.1</b>	<b>6.5</b>	<b>6.3</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>5.0</b>	<b>6.0</b>	<b>6.7</b>	<b>7.5</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	-1.9	-1.9
United States <sup>1</sup> .....	2.8	4.0	3.9	3.6	4.6	4.9	4.9	5.2	5.3	6.0	6.5	6.8	7.5	8.1	8.6
United Kingdom <sup>1</sup> .....	2.6	2.8	2.8	2.5	1.1	0.5	0.2	0.2	0.2	0.4	0.4	0.5	0.7	0.8	1.0
Other countries, IMF and IBRD.....	-0.3	-0.3	-0.4	-0.1	-0.1	-0.3	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.2

N.B. As above figures are rounded, totals do not necessarily equal the sum of their component parts. Roman numerals indicate tables in which further detail appears.

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

2. Not available.

3. Not available; net external assets of the Chartered Banks of Canada amounted to \$370 million in 1926, \$180 million in 1930, and \$91 million in 1933.

4. New series not strictly comparable with earlier years.

5. Preliminary estimate.

**TABLE II. Canada's Official Holdings of Gold and United States Dollars,<sup>1</sup>**  
**Selected Year Ends 1939-1955**  
(Millions of U.S. dollars)

At end of:	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Gold.....	218.0	353.9	536.0	286.6	401.3	486.4	580.0	841.7	885.0	986.1	1,072.7	1,133.9
United States dollars.....	186.2	1,154.1	708.9	215.1	596.5	630.7	1,161.5	936.9	975.2	832.4	869.9	766.9
<b>Total.....</b>	<b>404.2</b>	<b>1,508.0</b>	<b>1,244.9</b>	<b>501.7</b>	<b>997.8</b>	<b>1,117.1</b>	<b>1,741.5</b>	<b>1,778.6</b>	<b>1,860.2</b>	<b>1,818.5</b>	<b>1,942.6</b>	<b>1,900.8</b>

1. Gold, U.S. dollars and short-term securities of the United States Government held by the Exchange Fund Account and other Government accounts, and the net holdings of the Bank of Canada.

TABLE III. Canadian Long-Term Investments Abroad<sup>1</sup>, Selected Year Ends, 1926-1954  
(Millions of dollars)

Location and Year	Direct Investment in Branches Subsidiaries and Controlled Companies					Portfolio Investments in Foreign Securities			Total Private Long-Term Investments Abroad	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>											
1926 .....	...	...	...	...	397	...	...	493	890	36	926
1930 .....	...	...	...	...	443	...	...	789	1,232	31	1,263
1939 .....	249	289	123	10	671 <sup>3</sup>	511	208	719 <sup>3</sup>	1,390	31	1,421
1945 .....	239	337	138	6	720	454	167	621	1,341	707	2,048
1947 .....	246	414	155	7	822	426	153	579	1,401	1,816	3,217
1949 .....	276	553	91	6	926	477	161	638	1,564	2,000	3,564
1951 .....	320	723	117	6	1,166	467	142	609	1,775	1,922	3,697
1952 .....	326	771	163	11	1,271	669 <sup>3</sup>	161	830	2,101	1,866	3,967
1953 .....	402	879	215	9	1,505	690	179	869	2,374	1,778	4,152
1954 .....	427	960	245	12	1,644	723	203	926	2,570	1,705	4,275
<b>In the United States:</b>											
1926 .....	...	...	...	...	250	...	...	195	445	-	445
1930 .....	...	...	...	...	260	...	...	459	719	-	719
1939 .....	211	176	21	4	412 <sup>3</sup>	380	121	501 <sup>3</sup>	913	-	913
1945 .....	212	214	25	4	455	317	92	409	864	-	864
1947 .....	217	272	37	5	531	283	83	366	897	-	897
1949 .....	247	413	58	3	721	345	98	443	1,164	-	1,164
1951 .....	288	549	71	4	912	289	87	376	1,288	-	1,288
1952 .....	293	572	95	8	968	450 <sup>3</sup>	86	536	1,504	-	1,504
1953 .....	365	652	123	7	1,147	469	95	564	1,711	-	1,711
1954 .....	390	711	145	10	1,256	490	89	579	1,835	-	1,835
<b>In the United Kingdom:</b>											
1926 .....	...	...	...	...	7	...	...	45	52	-	52
1930 .....	...	...	...	...	14	...	...	45	59	-	59
1939 .....	-	53	-	6	59 <sup>3</sup>	22	21	43 <sup>3</sup>	102	-	102
1945 .....	-	53	-	1	54	26	27	53	107	561	668
1947 .....	-	64	-	-	64	26	26	52	116	1,331	1,447
1949 .....	-	58	-	1	59	21	19	40	99	1,434	1,533
1951 .....	1	73	-	-	74	17	17	34	108	1,394	1,502
1952 .....	1	80	-	-	81	17	14	31	112	1,357	1,469
1953 .....	1	103	-	-	104	16	13	29	133	1,292	1,425
1954 .....	1	118	-	-	119	17	14	31	150	1,247	1,397
<b>In Other British Countries<sup>2</sup>:</b>											
1939 .....	7	30	17	-	54	7	15	22	76	-	76
1945 .....	7	34	28	-	69	7	12	19	88	-	88
1947 .....	8	47	30	-	85	7	11	18	103	-	103
1949 .....	6	51	19	-	76	6	8	14	90	-	90
1951 .....	7	61	20	-	88	6	8	14	102	-	102
1952 .....	7	70	35	-	112	6	8	14	126	-	126
1953 .....	6	73	54	-	133	6	8	14	147	-	147
1954 .....	4	74	60	-	138	6	7	13	151	-	151
<b>In Other Foreign Countries:</b>											
1926 .....	...	...	...	...	140 <sup>4</sup>	...	...	253 <sup>4</sup>	393 <sup>4</sup>	36	429 <sup>4</sup>
1930 .....	...	...	...	...	169 <sup>4</sup>	105	180	285 <sup>4</sup>	454 <sup>4</sup>	31	485 <sup>4</sup>
1939 .....	31	30	85	-	146 <sup>3</sup>	102	51	153 <sup>3</sup>	299	31	330
1945 .....	20	36	85	1	142	104	36	140	282	146	428
1947 .....	21	31	88	2	142	110	33	143	285	485	770
1949 .....	23	31	14	2	70	105	36	141	211	566	777
1951 .....	25	39	26	2	92	155	30	185	277	528	805
1952 .....	25	49	33	3	110	196	53	249	359	509	868
1953 .....	30	51	38	2	121	199	63	262	383	486	869
1954 .....	32	57	40	2	131	210	93	303	434	458	892

1. Figures exclude investments of insurance companies and banks which are held mainly against liabilities to non-residents, and subscriptions by the Government of Canada to the International Monetary Fund and International Bank for Reconstruction and Development which are partly offset by short term assets in Canada of these institutions (Table I). Figures include the equity of non-residents in assets abroad of Canadian companies (Table I and statement 32). A dash (-) means "nil" or less than \$0.5 million.

2. Including investments in Newfoundland prior to 1949.

3. New series not strictly comparable with earlier years.

4. Including investments in Other British Countries.

TABLE IV. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954

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	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>By Type of Assets</b>														
Bonds and Debentures:														
Government and municipal <sup>1</sup> .....	1,434	1,706	1,718	1,703	1,662	1,611	1,528	1,599	1,755	1,062	2,103	2,028	2,087	2,056
Steam railways .....	1,276	1,481	1,513	1,209	843	805	802	793	727	708	676	644	619	604
Other corporations .....	528	796	752	592	561	620	529	532	572	627	674	899	1,080	1,151
<b>Sub-total</b> .....	<b>3,238</b>	<b>3,983</b>	<b>3,983</b>	<b>3,504</b>	<b>3,066</b>	<b>3,036</b>	<b>2,859</b>	<b>2,924</b>	<b>3,054</b>	<b>3,297</b>	<b>3,453</b>	<b>3,571</b>	<b>3,786</b>	<b>3,811</b>
Capital stock of Canadian companies.....	2,142	2,856	2,635	3,690	3,194	3,299	3,438	3,671	3,914	4,218	4,742	5,193	5,719	6,233
Other corporation assets <sup>2</sup> .....	363	480	477	434	548	561	601	613	690	826	951	1,173	1,486	1,747
Income accumulating investment trusts.....	—	—	—	—	—	—	—	—	—	—	—	—	—	117
Miscellaneous investments.....	260	295	270	285	284	282	290	298	302	320	328	447 <sup>4</sup>	467	561
<b>Total Non-resident Investments</b> .....	<b>6,003</b>	<b>7,614</b>	<b>7,365</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>9,474</b>	<b>10,384</b>	<b>11,458</b>	<b>12,469</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	52	49	46	38	37	37	37	34	36	36	36	37
Other corporations.....	211	357	354	322	281	306	297	296	336	348	346	499	580	606
<b>Sub-total</b> .....	<b>258</b>	<b>409</b>	<b>406</b>	<b>371</b>	<b>327</b>	<b>344</b>	<b>334</b>	<b>333</b>	<b>373</b>	<b>382</b>	<b>382</b>	<b>535</b>	<b>616</b>	<b>643</b>
Capital stock of Canadian companies.....	1,166	1,543	1,474	1,502	1,860	1,943	2,076	2,344	2,541	2,784	3,205	3,541	3,951	4,365
Other corporation assets <sup>2</sup> .....	358	475	472	423	526	539	576	593	672	809	933	1,144	1,436	1,687
<b>Total Direct Investments</b> .....	<b>1,782</b>	<b>2,427</b>	<b>2,352</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>4,520</b>	<b>5,220</b>	<b>6,003</b>	<b>6,695</b>
<b>II. Government and Municipal Bonds<sup>1</sup></b> .....	<b>1,434</b>	<b>1,706</b>	<b>1,718</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>2,028</b>	<b>2,087</b>	<b>2,056</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	1,459	1,158	795	765	763	754	688	672	637	605	580	564
— controlled in other countries.....	2	2	2	2	2	2	2	2	2	2	3	3	3	3
Other corporations — controlled in Canada.....	305	421	381	265	220	256	176	178	168	214	239	291	369	413
— controlled in other countries.....	12	18	17	5	60	58	56	58	68	65	89	109	131	132
<b>Sub-total</b> .....	<b>1,546</b>	<b>1,868</b>	<b>1,859</b>	<b>1,430</b>	<b>1,077</b>	<b>1,081</b>	<b>997</b>	<b>992</b>	<b>926</b>	<b>953</b>	<b>968</b>	<b>1,008</b>	<b>1,083</b>	<b>1,112</b>
Capital stock of Canadian companies:														
Companies controlled in Canada.....	936	1,233	1,074	1,105	1,249	1,269	1,274	1,234	1,275	1,326	1,420	1,518	1,622	1,732
Companies controlled in other countries.....	40	80	87	83	85	87	88	93	98	108	117	134	146	136
Other corporation assets <sup>2</sup> :														
Companies controlled in Canada.....	5	5	5	9	16	14	15	13	14	14	11	21	39	44
Companies controlled in other countries.....	—	—	—	2	6	8	10	7	4	3	7	8	11	16
Income accumulating investment trusts.....	—	—	—	—	—	—	—	—	—	—	—	—	—	117
<b>Total Other Portfolio Investments</b> .....	<b>2,527</b>	<b>3,186</b>	<b>3,025</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>2,523</b>	<b>2,689</b>	<b>2,901</b>	<b>3,157</b>
<b>IV. Miscellaneous Investments:</b>														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.....	260	295	270	285	284	282	290	298	302	320	328	447 <sup>4</sup>	467	561
<b>SUMMARY</b>														
I. Direct Investments.....	1,782	2,427	2,352	2,296	2,713	2,826	2,986	3,270	3,586	3,975	4,520	5,220	6,003	6,695
II. Government and municipal bonds.....	1,434	1,706	1,718	1,703	1,662	1,611	1,528	1,599	1,755	1,962	2,103	2,028	2,087	2,056
III. Other portfolio investments.....	2,527	3,186	3,025	2,629	2,433	2,459	2,384	2,339	2,317	2,404	2,523	2,689	2,901	3,157
IV. Miscellaneous investments.....	260	295	270	285	284	282	290	298	302	320	328	447 <sup>4</sup>	467	561
<b>Total Non-resident Investments</b> .....	<b>6,003</b>	<b>7,614</b>	<b>7,365</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>9,474</b>	<b>10,384</b>	<b>11,458</b>	<b>12,469</b>

## General note applicable to all statistics of foreign investments in Canada.

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.

A dash (—) means "nil" or less than \$0.5 million.

TABLE IV. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954

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	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>By Type of Assets</b>														
Bonds and Debentures:														
Government and municipal <sup>1</sup> .....	909	1,205	1,192	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,835	1,870	1,822
Steam railways .....	362	598	624	434	495	458	453	445	380	366	335	305	287	274
Other corporations .....	338	600	577	440	414	485	417	422	452	505	542	749	903	972
<b>Sub-total</b> .....	<b>1,609</b>	<b>2,403</b>	<b>2,393</b>	<b>2,095</b>	<b>2,359</b>	<b>2,381</b>	<b>2,257</b>	<b>2,334</b>	<b>2,366</b>	<b>2,617</b>	<b>2,775</b>	<b>2,889</b>	<b>3,060</b>	<b>3,068</b>
Capital stock of Canadian companies .....	1,283	1,832	1,681	1,656	2,088	2,206	2,335	2,606	2,796	3,044	3,476	3,829	4,235	4,608
Other corporation assets <sup>2</sup> .....	219	331	328	295	413	430	453	463	573	697	812	1,031	1,316	1,527
Income accumulating investment trusts .....	—	—	—	—	—	—	—	—	—	—	—	—	—	117
Miscellaneous investments .....	85	94	90	105	130	140	155	163	170	190	195	249 <sup>4</sup>	257	302
<b>Total United States Investments</b> .....	<b>3,196</b>	<b>4,660</b>	<b>4,492</b>	<b>4,151</b>	<b>4,990</b>	<b>5,157</b>	<b>5,200</b>	<b>5,566</b>	<b>5,905</b>	<b>6,548</b>	<b>7,258</b>	<b>7,998</b>	<b>8,868</b>	<b>9,622</b>
<b>By Nature of National Ownership</b>														
<b>I. Direct Investments (controlled in country of ownership):</b>														
Bonds and Debentures:														
Steam railways .....	36	42	42	41	38	30	29	29	29	29	29	29	29	29
Other corporations .....	152	294	296	265	254	290	277	280	310	321	319	475	550	561
<b>Sub-total</b> .....	<b>188</b>	<b>336</b>	<b>338</b>	<b>306</b>	<b>292</b>	<b>320</b>	<b>306</b>	<b>309</b>	<b>339</b>	<b>350</b>	<b>348</b>	<b>504</b>	<b>579</b>	<b>610</b>
Capital stock of Canadian companies .....	1,000	1,330	1,271	1,289	1,613	1,691	1,804	2,052	2,200	2,394	2,750	3,022	3,356	3,655
Other corporation assets <sup>2</sup> .....	215	327	324	286	399	417	438	446	556	682	798	1,006	1,271	1,475
<b>Total Direct Investments</b> .....	<b>1,403</b>	<b>1,993</b>	<b>1,933</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>3,896</b>	<b>4,532</b>	<b>5,206</b>	<b>5,740</b>
<b>II. Government and Municipal Bonds<sup>1</sup></b> .....	<b>909</b>	<b>1,205</b>	<b>1,192</b>	<b>1,221</b>	<b>1,450</b>	<b>1,438</b>	<b>1,387</b>	<b>1,467</b>	<b>1,534</b>	<b>1,746</b>	<b>1,898</b>	<b>1,835</b>	<b>1,870</b>	<b>1,822</b>
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>														
Bonds and Debentures:														
Steam railways—controlled in Canada .....	326	556	582	393	457	428	424	416	351	337	306	276	258	245
—controlled in other countries .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other corporations—controlled in Canada .....	185	301	277	173	158	195	140	141	133	175	214	266	344	382
—controlled in other countries .....	1	5	4	2	2	—	—	1	9	9	9	8	9	9
<b>Sub-total</b> .....	<b>512</b>	<b>862</b>	<b>863</b>	<b>568</b>	<b>617</b>	<b>623</b>	<b>564</b>	<b>558</b>	<b>493</b>	<b>521</b>	<b>529</b>	<b>550</b>	<b>611</b>	<b>636</b>
Capital stock of Canadian companies:														
Companies controlled in Canada .....	272	484	396	354	462	500	518	540	580	635	708	784	853	919
Companies controlled in other countries .....	11	18	14	13	13	15	13	14	16	15	18	23	26	34
Other corporation assets <sup>2</sup> :														
Companies controlled in Canada .....	4	4	4	8	13	12	13	13	14	13	10	20	38	40
Companies controlled in other countries .....	—	—	—	1	1	1	2	4	3	2	4	5	7	12
Income accumulating investment trusts .....	—	—	—	—	—	—	—	—	—	—	—	—	—	117
<b>Total Other Portfolio Investments</b> .....	<b>799</b>	<b>1,368</b>	<b>1,277</b>	<b>944</b>	<b>1,106</b>	<b>1,151</b>	<b>1,110</b>	<b>1,129</b>	<b>1,106</b>	<b>1,186</b>	<b>1,269</b>	<b>1,382</b>	<b>1,535</b>	<b>1,758</b>
<b>IV. Miscellaneous Investments:</b>														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	85	94	90	105	130	140	155	163	170	190	195	249 <sup>4</sup>	257	302
<b>SUMMARY</b>														
I. Direct Investments .....	1,403	1,993	1,933	1,881	2,304	2,428	2,548	2,807	3,095	3,426	3,896	4,532	5,206	5,740
II. Government and municipal bonds .....	909	1,205	1,192	1,221	1,450	1,438	1,387	1,467	1,534	1,746	1,898	1,835	1,870	1,822
III. Other portfolio investments .....	799	1,368	1,277	944	1,106	1,151	1,110	1,129	1,106	1,186	1,269	1,382	1,535	1,758
IV. Miscellaneous investments .....	85	94	90	105	130	140	155	163	170	190	195	249 <sup>4</sup>	257	302
<b>Total United States Investments</b> .....	<b>3,196</b>	<b>4,660</b>	<b>4,492</b>	<b>4,151</b>	<b>4,990</b>	<b>5,157</b>	<b>5,200</b>	<b>5,566</b>	<b>5,905</b>	<b>6,548</b>	<b>7,258</b>	<b>7,998</b>	<b>8,868</b>	<b>9,622</b>

**TABLE IV. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954**  
 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	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>By Type of Assets</b>														
<b>Bonds and Debentures:</b>														
Government and municipal <sup>1</sup> .....	510	486	509	453	157	115	90	81	171	163	146	136	150	144
Steam railways .....	898	862	864	746	316	315	316	316	315	310	309	307	300	298
Other corporations .....	166	171	150	126	116	107	83	84	92	94	104	123	149	151
<b>Sub-total</b> .....	<b>1,574</b>	<b>1,519</b>	<b>1,523</b>	<b>1,325</b>	<b>589</b>	<b>537</b>	<b>489</b>	<b>481</b>	<b>578</b>	<b>567</b>	<b>559</b>	<b>566</b>	<b>599</b>	<b>593</b>
Capital stock of Canadian companies .....	788	942	876	909	973	959	971	931	972	1,011	1,042	1,100	1,165	1,254
Other corporation assets <sup>2</sup> .....	130	134	134	122	103	97	115	127	98	105	110	104	127	159
Miscellaneous investments .....	145	171	150	120	85	75	70	69	67	65	65	114 <sup>4</sup>	116	137
<b>Total United Kingdom Investments</b> .....	<b>2,637</b>	<b>2,766</b>	<b>2,683</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>1,884</b>	<b>2,007</b>	<b>2,143</b>
<b>By Nature of National Ownership</b>														
<b>I. Direct Investments (controlled in country of ownership):</b>														
<b>Bonds and Debentures:</b>														
Steam railways .....	11	10	10	8	8	8	8	8	8	5	7	7	7	8
Other corporations .....	41	49	46	44	13	5	6	5	13	13	13	11	15	11
<b>Sub-total</b> .....	<b>52</b>	<b>59</b>	<b>56</b>	<b>52</b>	<b>21</b>	<b>13</b>	<b>14</b>	<b>13</b>	<b>21</b>	<b>18</b>	<b>20</b>	<b>18</b>	<b>22</b>	<b>19</b>
Capital stock of Canadian companies .....	154	200	187	194	226	228	247	263	309	346	369	424	466	560
Other corporation assets <sup>2</sup> .....	130	133	133	120	101	94	111	124	98	104	108	102	124	156
<b>Total Direct Investments</b> .....	<b>336</b>	<b>392</b>	<b>376</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>544</b>	<b>612</b>	<b>735</b>
<b>II. Government and Municipal Bonds<sup>1</sup></b> .....	<b>510</b>	<b>486</b>	<b>509</b>	<b>453</b>	<b>157</b>	<b>115</b>	<b>90</b>	<b>81</b>	<b>171</b>	<b>163</b>	<b>146</b>	<b>136</b>	<b>150</b>	<b>144</b>
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>														
<b>Bonds and Debentures:</b>														
Steam railways — controlled in Canada .....	885	850	852	736	306	305	306	306	305	303	299	297	290	287
— controlled in other countries .....	2	2	2	2	2	2	2	2	2	2	3	3	3	3
Other corporations — controlled in Canada .....	119	116	98	80	46	45	22	23	22	25	11	11	12	18
— controlled in other countries .....	6	6	6	2	57	57	55	56	57	56	80	101	122	122
<b>Sub-total</b> .....	<b>1,012</b>	<b>974</b>	<b>958</b>	<b>820</b>	<b>411</b>	<b>409</b>	<b>385</b>	<b>387</b>	<b>386</b>	<b>386</b>	<b>393</b>	<b>412</b>	<b>427</b>	<b>430</b>
Capital stock of Canadian companies:														
Companies controlled in Canada .....	608	685	623	660	691	675	664	604	599	594	600	597	616	638
Companies controlled in other countries .....	26	57	66	55	56	56	60	64	64	71	73	79	83	56
Other corporation assets <sup>2</sup> :														
Companies controlled in Canada .....	—	1	1	1	2	1	1	—	—	1	1	1	1	1
Companies controlled in other countries .....	—	—	—	1	—	2	3	3	—	—	1	1	2	2
<b>Total Other Portfolio Investments</b> .....	<b>1,646</b>	<b>1,717</b>	<b>1,648</b>	<b>1,537</b>	<b>1,160</b>	<b>1,143</b>	<b>1,113</b>	<b>1,058</b>	<b>1,049</b>	<b>1,052</b>	<b>1,068</b>	<b>1,090</b>	<b>1,129</b>	<b>1,127</b>
<b>IV. Miscellaneous Investments:</b>														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	145	171	150	120	85	75	70	69	67	65	65	114 <sup>4</sup>	116	137
<b>SUMMARY</b>														
I. Direct Investments .....	336	392	376	366	348	335	372	400	428	468	497	544	612	735
II. Government and municipal bonds .....	510	486	509	453	157	115	90	81	171	163	146	136	150	144
III. Other portfolio investments .....	1,646	1,717	1,648	1,537	1,160	1,143	1,113	1,058	1,049	1,052	1,068	1,090	1,129	1,127
IV. Miscellaneous investments .....	145	171	150	120	85	75	70	69	67	65	65	114 <sup>4</sup>	116	137
<b>Total United Kingdom Investments</b> .....	<b>2,637</b>	<b>2,766</b>	<b>2,683</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>1,884</b>	<b>2,007</b>	<b>2,143</b>

TABLE IV. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954

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	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>By Type of Assets</b>														
<b>Bonds and Debentures:</b>														
Government and municipal <sup>1</sup> .....	15	15	17	29	55	58	51	51	50	53	59	57	67	90
Steam railways .....	16	21	25	29	32	32	33	32	32	32	32	32	32	32
Other corporations .....	24	25	25	26	31	28	29	26	28	28	28	27	28	28
<b>Sub-total</b> .....	<b>55</b>	<b>61</b>	<b>67</b>	<b>84</b>	<b>118</b>	<b>118</b>	<b>113</b>	<b>109</b>	<b>110</b>	<b>113</b>	<b>119</b>	<b>116</b>	<b>127</b>	<b>150</b>
Capital stock of Canadian companies .....	71	82	78	125	133	134	132	134	146	163	224	264	319	371
Other corporation assets <sup>2</sup> .....	14	15	15	17	32	34	33	23	19	24	29	38	43	61
Miscellaneous investments .....	30	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>	94	122
<b>Total Investments</b> .....	<b>170</b>	<b>188</b>	<b>190</b>	<b>286</b>	<b>352</b>	<b>353</b>	<b>343</b>	<b>332</b>	<b>340</b>	<b>365</b>	<b>440</b>	<b>502</b>	<b>583</b>	<b>704</b>
<b>By Nature of National Ownership</b>														
<b>I. Direct Investments (controlled in country of ownership):</b>														
<b>Bonds and Debentures:</b>														
Steam railways .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other corporations .....	18	14	12	13	14	11	14	11	13	14	14	13	15	14
<b>Sub-total</b> .....	<b>18</b>	<b>14</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>11</b>	<b>14</b>	<b>11</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>15</b>	<b>14</b>
Capital stock of Canadian companies .....	12	13	16	19	21	24	25	29	32	44	86	95	129	150
Other corporation assets <sup>2</sup> .....	13	15	15	17	26	28	27	23	18	23	27	36	41	56
<b>Total Direct Investments</b> .....	<b>43</b>	<b>42</b>	<b>43</b>	<b>49</b>	<b>61</b>	<b>63</b>	<b>66</b>	<b>63</b>	<b>63</b>	<b>81</b>	<b>127</b>	<b>144</b>	<b>185</b>	<b>220</b>
<b>II. Government and Municipal Bonds<sup>1</sup></b> .....	<b>15</b>	<b>15</b>	<b>17</b>	<b>29</b>	<b>55</b>	<b>58</b>	<b>51</b>	<b>51</b>	<b>50</b>	<b>53</b>	<b>59</b>	<b>57</b>	<b>67</b>	<b>90</b>
<b>III. Other Portfolio Investments (not controlled in country of ownership):</b>														
<b>Bonds and Debentures:</b>														
Steam railways—controlled in Canada .....	16	21	25	29	32	32	33	32	32	32	32	32	32	32
—controlled in other countries .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other corporations—controlled in Canada .....	1	4	6	12	16	16	14	14	13	14	14	14	13	13
—controlled in other countries .....	5	7	7	1	1	1	1	1	2	—	—	—	—	1
<b>Sub-total</b> .....	<b>22</b>	<b>32</b>	<b>38</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>45</b>	<b>46</b>
Capital stock of Canadian companies:														
Companies controlled in Canada .....	56	64	55	91	96	94	92	90	96	97	112	137	153	175
Companies controlled in other countries .....	3	5	7	15	16	16	15	15	16	22	26	32	37	46
Other corporation assets <sup>2</sup> :														
Companies controlled in Canada .....	1	—	—	—	1	1	1	—	—	—	—	—	—	3
Companies controlled in other countries .....	—	—	—	—	5	5	5	—	1	1	2	2	2	2
<b>Total Other Portfolio Investments</b> .....	<b>82</b>	<b>101</b>	<b>100</b>	<b>148</b>	<b>167</b>	<b>165</b>	<b>161</b>	<b>152</b>	<b>162</b>	<b>166</b>	<b>186</b>	<b>217</b>	<b>237</b>	<b>272</b>
<b>IV. Miscellaneous Investments:</b>														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc. ....	30	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>	94	122
<b>SUMMARY</b>														
I. Direct Investments .....	43	42	43	49	61	63	66	63	63	81	127	144	185	220
II. Government and municipal bonds .....	15	15	17	29	55	58	51	51	50	53	59	57	67	90
III. Other portfolio investments .....	82	101	100	148	167	165	161	152	162	166	186	217	237	272
IV. Miscellaneous investments .....	30	30	30	60	69	67	65	66	65	65	68	84 <sup>4</sup>	94	122
<b>Total Investments</b> .....	<b>170</b>	<b>188</b>	<b>190</b>	<b>286</b>	<b>352</b>	<b>353</b>	<b>343</b>	<b>332</b>	<b>340</b>	<b>365</b>	<b>440</b>	<b>502</b>	<b>583</b>	<b>704</b>

1. For division of Government of Canada, provincial and municipal, see Table V.
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 not strictly comparable with earlier years.

TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954

Classification by Types of Investment

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

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	638	682	752	823	726	750	713	823	975	1,141	1,013	858	744	659
Provincial .....	422	592	572	536	624	594	551	528	534	565	771	816	930	964
Municipal .....	374	432	394	344	312	267	264	248	246	256	319	354	413	433
<b>Sub-total</b> .....	<b>1,434</b>	<b>1,706</b>	<b>1,718</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>2,028</b>	<b>2,087</b>	<b>2,056</b>
<b>Manufacturing:</b>														
Vegetable products .....	150	208	209	206	268	272	290	320	320	338	366	382	426	449
Animal products .....	27	50	53	56	61	59	62	58	67	71	74	83	89	95
Textiles .....	40	49	48	59	83	84	88	96	98	111	117	117	115	121
Wood and paper products .....	390	586	496	451	455	478	502	559	635	655	715	769	837	937
Iron and products .....	265	262	210	232	319	332	361	407	443	505	530	623	699	723
Non-ferrous metals .....	94	125	118	146	274	277	293	321	344	385	463	599	694	722
Non-metallic minerals .....	116	138	135	135	163	167	185	275	324	364	482	538	606	695
Chemicals and allied products .....	79	122	130	137	169	186	203	229	249	263	297	339	366	402
Miscellaneous manufactures .....	37	33	23	23	37	40	45	52	59	62	70	87	93	116
<b>Sub-total</b> .....	<b>1,198</b>	<b>1,573</b>	<b>1,422</b>	<b>1,445</b>	<b>1,829</b>	<b>1,895</b>	<b>2,029</b>	<b>2,317</b>	<b>2,539</b>	<b>2,754</b>	<b>3,114</b>	<b>3,537</b>	<b>3,925</b>	<b>4,260</b>
<b>Mining and smelting</b> .....	<b>219</b>	<b>334</b>	<b>339</b>	<b>329</b>	<b>403</b>	<b>386</b>	<b>396</b>	<b>424</b>	<b>494</b>	<b>631</b>	<b>815</b>	<b>1,076</b>	<b>1,422</b>	<b>1,656</b>
<b>Public utilities:</b>														
Railways .....	1,938	2,244	2,245	1,871	1,599	1,583	1,586	1,504	1,445	1,446	1,436	1,429	1,420	1,418
Other .....	395	634	625	549	494	557	473	468	494	547	575	639	680	726
<b>Sub-total</b> .....	<b>2,333</b>	<b>2,878</b>	<b>2,870</b>	<b>2,420</b>	<b>2,093</b>	<b>2,140</b>	<b>2,059</b>	<b>1,972</b>	<b>1,939</b>	<b>1,993</b>	<b>2,011</b>	<b>2,068</b>	<b>2,100</b>	<b>2,144</b>
<b>Merchandising</b> .....	<b>150</b>	<b>203</b>	<b>191</b>	<b>189</b>	<b>226</b>	<b>238</b>	<b>262</b>	<b>277</b>	<b>300</b>	<b>330</b>	<b>388</b>	<b>447</b>	<b>530</b>	<b>577</b>
<b>Financial institutions</b> .....	<b>344</b>	<b>543</b>	<b>480</b>	<b>473</b>	<b>525</b>	<b>557</b>	<b>553</b>	<b>541</b>	<b>548</b>	<b>573</b>	<b>595</b>	<b>648</b>	<b>776</b>	<b>1,066</b>
<b>Other enterprises</b> .....	<b>65</b>	<b>82</b>	<b>75</b>	<b>69</b>	<b>70</b>	<b>69</b>	<b>71</b>	<b>78</b>	<b>83</b>	<b>98</b>	<b>120</b>	<b>133</b>	<b>151</b>	<b>149</b>
<b>Miscellaneous investments</b> .....	<b>260</b>	<b>295</b>	<b>270</b>	<b>285</b>	<b>284</b>	<b>282</b>	<b>290</b>	<b>298</b>	<b>302</b>	<b>320</b>	<b>328</b>	<b>447</b>	<b>467</b>	<b>561</b>
<b>Total Investment</b> .....	<b>6,003</b>	<b>7,614</b>	<b>7,365</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>9,474</b>	<b>10,384</b>	<b>11,458</b>	<b>12,469</b>

B. Long-Term Investments in Canada Owned by Residents of the United States<sup>2</sup>

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	382	440	451	567	682	701	665	775	844	1,009	887	737	608	515
Provincial .....	342	517	493	473	574	554	515	494	492	525	732	782	886	914
Municipal .....	185	248	248	181	194	183	207	198	198	212	279	316	376	393
<b>Sub-total</b> .....	<b>909</b>	<b>1,205</b>	<b>1,192</b>	<b>1,221</b>	<b>1,450</b>	<b>1,438</b>	<b>1,387</b>	<b>1,467</b>	<b>1,534</b>	<b>1,746</b>	<b>1,898</b>	<b>1,835</b>	<b>1,870</b>	<b>1,822</b>
<b>Manufacturing:</b>														
Vegetable products .....	82	123	133	135	199	201	211	241	242	252	277	286	325	342
Animal products .....	22	44	48	49	47	46	48	51	57	61	64	72	78	82
Textiles .....	22	26	23	26	41	42	43	47	52	57	61	61	59	62
Wood and paper products .....	321	489	429	371	383	412	443	492	513	528	567	619	680	773
Iron and products .....	220	233	183	205	297	311	339	382	417	463	492	580	649	669
Non-ferrous metals .....	86	118	111	137	209	214	231	257	277	316	367	480	543	567
Non-metallic minerals .....	112	132	130	120	148	151	166	245	297	329	455	499	538	622
Chemicals and allied products .....	61	89	92	94	124	140	153	173	191	200	227	259	276	293
Miscellaneous manufactures .....	27	33	23	23	34	37	42	48	53	54	57	60	66	79
<b>Sub-total</b> .....	<b>953</b>	<b>1,287</b>	<b>1,172</b>	<b>1,160</b>	<b>1,482</b>	<b>1,554</b>	<b>1,676</b>	<b>1,936</b>	<b>2,099</b>	<b>2,260</b>	<b>2,567</b>	<b>2,916</b>	<b>3,214</b>	<b>3,489</b>
<b>Mining and smelting</b> .....	<b>165</b>	<b>255</b>	<b>261</b>	<b>251</b>	<b>322</b>	<b>311</b>	<b>324</b>	<b>347</b>	<b>416</b>	<b>549</b>	<b>723</b>	<b>976</b>	<b>1,315</b>	<b>1,522</b>
<b>Public utilities:</b>														
Railways .....	510	832	831	588	720	717	724	718	664	675	656	644	620	624
Other .....	290	522	524	432	375	441	372	372	399	448	490	550	590	625
<b>Sub-total</b> .....	<b>800</b>	<b>1,354</b>	<b>1,355</b>	<b>1,020</b>	<b>1,095</b>	<b>1,158</b>	<b>1,096</b>	<b>1,090</b>	<b>1,063</b>	<b>1,123</b>	<b>1,146</b>	<b>1,194</b>	<b>1,210</b>	<b>1,249</b>
<b>Merchandising</b> .....	<b>99</b>	<b>138</b>	<b>131</b>	<b>129</b>	<b>164</b>	<b>173</b>	<b>185</b>	<b>194</b>	<b>211</b>	<b>230</b>	<b>270</b>	<b>317</b>	<b>388</b>	<b>418</b>
<b>Financial institutions</b> .....	<b>125</b>	<b>251</b>	<b>221</b>	<b>201</b>	<b>285</b>	<b>321</b>	<b>312</b>	<b>297</b>	<b>338</b>	<b>362</b>	<b>353</b>	<b>395</b>	<b>484</b>	<b>696</b>
<b>Other enterprises</b> .....	<b>60</b>	<b>76</b>	<b>70</b>	<b>64</b>	<b>62</b>	<b>62</b>	<b>65</b>	<b>72</b>	<b>74</b>	<b>88</b>	<b>106</b>	<b>116</b>	<b>130</b>	<b>124</b>
<b>Miscellaneous investments</b> .....	<b>85</b>	<b>94</b>	<b>90</b>	<b>105</b>	<b>130</b>	<b>140</b>	<b>155</b>	<b>163</b>	<b>170</b>	<b>190</b>	<b>195</b>	<b>249</b>	<b>257</b>	<b>302</b>
<b>Total Investment</b> .....	<b>3,196</b>	<b>4,660</b>	<b>4,492</b>	<b>4,151</b>	<b>4,990</b>	<b>5,157</b>	<b>5,200</b>	<b>5,566</b>	<b>5,905</b>	<b>6,548</b>	<b>7,258</b>	<b>7,998</b>	<b>8,868</b>	<b>9,622</b>



TABLE V. Foreign Capital Invested in Canada, Selected Year Ends 1926-1954

Classification by Types of Investment

C. Long-Term Investments in Canada Owned by Residents of the United Kingdom<sup>2</sup>

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	250	235	291	238	—	—	—	—	84	82	70	68	79	71
Provincial .....	73	69	74	58	45	37	35	33	41	39	38	32	36	38
Municipal .....	187	182	144	157	112	78	55	48	46	42	38	36	35	35
<b>Sub-total .....</b>	<b>510</b>	<b>486</b>	<b>509</b>	<b>453</b>	<b>157</b>	<b>115</b>	<b>90</b>	<b>81</b>	<b>171</b>	<b>163</b>	<b>146</b>	<b>136</b>	<b>150</b>	<b>144</b>
<b>Manufacturing:</b>														
Vegetable products .....	67	84	75	69	66	65	73	75	74	80	80	88	93	98
Animal products .....	3	5	4	5	6	4	5	3	5	5	5	5	5	6
Textiles .....	18	22	24	30	38	38	41	45	42	50	52	52	53	55
Wood and paper products .....	68	95	64	74	64	60	52	59	116	119	138	140	146	150
Iron and products .....	40	24	22	19	12	13	15	17	17	34	28	31	37	37
Non-ferrous metals .....	7	6	6	7	64	62	61	63	64	65	91	113	142	146
Non-metallic minerals .....	4	6	5	14	13	14	18	29	24	31	24	33	35	35
Chemicals and allied products .....	17	32	37	39	36	37	40	46	49	53	60	68	77	94
Miscellaneous manufactures .....	10	—	—	—	2	2	2	3	5	7	12	26	26	36
<b>Sub-total .....</b>	<b>234</b>	<b>274</b>	<b>237</b>	<b>257</b>	<b>301</b>	<b>295</b>	<b>307</b>	<b>340</b>	<b>396</b>	<b>444</b>	<b>490</b>	<b>556</b>	<b>614</b>	<b>657</b>
<b>Mining and smelting .....</b>	<b>51</b>	<b>74</b>	<b>72</b>	<b>61</b>	<b>62</b>	<b>56</b>	<b>52</b>	<b>56</b>	<b>54</b>	<b>55</b>	<b>60</b>	<b>61</b>	<b>63</b>	<b>75</b>
<b>Public utilities:</b>														
Railways .....	1,371	1,352	1,354	1,216	806	795	792	724	716	707	704	699	702	692
Other .....	97	100	88	89	90	85	72	69	66	69	56	55	57	65
<b>Sub-total .....</b>	<b>1,468</b>	<b>1,452</b>	<b>1,442</b>	<b>1,305</b>	<b>896</b>	<b>880</b>	<b>864</b>	<b>793</b>	<b>782</b>	<b>776</b>	<b>760</b>	<b>754</b>	<b>759</b>	<b>757</b>
<b>Merchandising .....</b>	<b>49</b>	<b>61</b>	<b>56</b>	<b>55</b>	<b>57</b>	<b>60</b>	<b>71</b>	<b>76</b>	<b>83</b>	<b>90</b>	<b>103</b>	<b>112</b>	<b>122</b>	<b>136</b>
<b>Financial institutions .....</b>	<b>176</b>	<b>243</b>	<b>213</b>	<b>221</b>	<b>186</b>	<b>182</b>	<b>186</b>	<b>188</b>	<b>155</b>	<b>147</b>	<b>142</b>	<b>139</b>	<b>167</b>	<b>217</b>
<b>Other enterprises .....</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>16</b>	<b>20</b>
<b>Miscellaneous investments .....</b>	<b>145</b>	<b>171</b>	<b>150</b>	<b>120</b>	<b>85</b>	<b>75</b>	<b>70</b>	<b>69</b>	<b>67</b>	<b>65</b>	<b>65</b>	<b>114</b> <sup>1</sup>	<b>116</b>	<b>137</b>
<b>Total Investment .....</b>	<b>2,637</b>	<b>2,766</b>	<b>2,683</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>1,884</b>	<b>2,007</b>	<b>2,143</b>

## D. Long-Term Investments in Canada Owned by Residents of all Other Countries

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	6	7	10	18	44	49	48	48	47	50	56	53	57	73
Provincial .....	7	6	5	5	5	3	1	1	1	1	1	2	8	12
Municipal .....	2	2	2	6	6	6	2	2	2	2	2	2	2	5
<b>Sub-total .....</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>29</b>	<b>55</b>	<b>58</b>	<b>51</b>	<b>51</b>	<b>50</b>	<b>53</b>	<b>59</b>	<b>57</b>	<b>67</b>	<b>90</b>
<b>Manufacturing:</b>														
Vegetable products .....	1	1	1	2	3	6	6	4	4	6	9	8	8	9
Animal products .....	2	1	1	2	8	9	9	4	5	5	5	6	6	7
Textiles .....	—	1	1	3	4	4	4	4	4	4	4	4	3	4
Wood and paper products .....	1	2	3	6	8	6	7	8	6	8	10	10	11	14
Iron and products .....	5	5	5	8	10	8	7	8	9	8	10	12	13	17
Non-ferrous metals .....	1	1	1	2	1	1	1	1	3	4	5	6	9	9
Non-metallic minerals .....	—	—	—	1	2	2	1	1	3	4	3	6	33	38
Chemicals and allied products .....	1	1	1	4	9	9	10	10	9	10	10	12	13	15
Miscellaneous manufactures .....	—	—	—	—	1	1	1	1	1	1	1	1	1	1
<b>Sub-total .....</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>28</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>41</b>	<b>44</b>	<b>50</b>	<b>57</b>	<b>65</b>	<b>97</b>	<b>114</b>
<b>Mining and smelting .....</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>17</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>24</b>	<b>27</b>	<b>32</b>	<b>39</b>	<b>44</b>	<b>59</b>
<b>Public utilities:</b>														
Railways .....	57	60	60	67	73	71	70	62	65	64	76	86	98	102
Other .....	8	12	13	28	29	31	29	27	29	30	29	34	33	36
<b>Sub-total .....</b>	<b>65</b>	<b>72</b>	<b>73</b>	<b>95</b>	<b>102</b>	<b>102</b>	<b>99</b>	<b>89</b>	<b>94</b>	<b>94</b>	<b>105</b>	<b>120</b>	<b>131</b>	<b>138</b>
<b>Merchandising .....</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>10</b>	<b>15</b>	<b>18</b>	<b>20</b>	<b>23</b>
<b>Financial institutions .....</b>	<b>43</b>	<b>49</b>	<b>46</b>	<b>51</b>	<b>54</b>	<b>54</b>	<b>55</b>	<b>56</b>	<b>55</b>	<b>64</b>	<b>100</b>	<b>114</b>	<b>125</b>	<b>153</b>
<b>Other enterprises .....</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Miscellaneous investments .....</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>60</b>	<b>69</b>	<b>67</b>	<b>65</b>	<b>66</b>	<b>65</b>	<b>65</b>	<b>68</b>	<b>84</b> <sup>1</sup>	<b>94</b>	<b>122</b>
<b>Total Investment .....</b>	<b>170</b>	<b>188</b>	<b>190</b>	<b>286</b>	<b>352</b>	<b>353</b>	<b>343</b>	<b>332</b>	<b>340</b>	<b>365</b>	<b>440</b>	<b>502</b>	<b>583</b>	<b>704</b>

1. New series not strictly comparable with earlier years.

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

**TABLE VI. Foreign Direct Investments in Canada, Selected Year Ends 1926-1954**  
Classification by Types of Investment

**A. Total Long-Term Direct Investment in Canada owned by all Non-Residents**  
(Millions of dollars)

Type of Business	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Manufacturing:</b>														
Vegetable products .....	124	165	163	157	200	206	223	248	250	268	291	317	353	377
Animal products .....	21	42	48	50	47	45	50	53	61	64	66	73	77	83
Textiles .....	29	33	32	39	56	58	64	70	70	80	86	87	85	93
Wood and paper products .....	295	378	349	319	348	383	418	462	529	538	564	610	682	764
Iron and products .....	184	203	167	193	277	288	318	354	387	442	467	548	617	639
Non-ferrous metals .....	85	116	110	136	211	214	230	257	280	322	375	486	541	565
Non-metallic minerals .....	112	129	126	115	137	142	158	244	294	327	445	494	557	640
Chemicals and allied products .....	69	102	106	111	144	160	176	200	218	230	257	295	317	383
Miscellaneous manufactures .....	25	31	21	22	33	38	43	50	57	60	68	85	91	113
<b>Total .....</b>	<b>944</b>	<b>1,199</b>	<b>1,122</b>	<b>1,142</b>	<b>1,453</b>	<b>1,534</b>	<b>1,680</b>	<b>1,938</b>	<b>2,146</b>	<b>2,331</b>	<b>2,619</b>	<b>2,995</b>	<b>3,320</b>	<b>3,657</b>
Mining and smelting .....	169	237	238	228	277	264	272	294	349	476	627	850	1,129	1,300
Utilities .....	275	450	455	415	376	385	367	368	397	399	412	404	436	467
Merchandising .....	134	173	165	168	208	225	247	260	281	313	372	431	471	506
Financial institutions .....	209	304	311	284	339	358	356	339	336	364	378	417	506	626
Other enterprises .....	51	64	61	59	60	60	64	71	77	92	112	123	141	139
<b>Total, Foreign Direct Investments .....</b>	<b>1,782</b>	<b>2,427</b>	<b>2,352</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>4,520</b>	<b>5,220</b>	<b>6,003</b>	<b>6,695</b>

**B. Long-Term Direct Investments in Canada owned by Residents of the United States**  
(Millions of dollars)

Type of Business	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Manufacturing:</b>														
Vegetable products .....	69	94	97	96	140	146	155	179	182	193	214	232	263	281
Animal products .....	18	38	45	47	44	42	46	49	55	58	60	66	70	74
Textiles .....	18	20	17	20	28	29	32	35	38	42	46	46	43	47
Wood and paper products .....	256	334	313	281	316	350	383	427	441	446	454	499	560	642
Iron and products .....	180	199	163	188	272	283	312	346	378	420	451	528	591	607
Non-ferrous metals .....	83	113	107	130	203	208	225	250	270	311	362	473	519	539
Non-metallic minerals .....	109	126	124	112	133	138	152	229	279	307	428	469	505	586
Chemicals and allied products .....	60	86	89	88	118	134	147	167	185	194	219	250	266	280
Miscellaneous manufactures .....	25	31	21	22	31	36	41	47	52	53	56	59	65	77
<b>Total .....</b>	<b>818</b>	<b>1,041</b>	<b>976</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>2,290</b>	<b>2,622</b>	<b>2,882</b>	<b>3,133</b>
Mining and smelting .....	141	210	211	198	255	245	254	275	331	453	603	825	1,103	1,264
Utilities .....	249	423	427	399	359	366	345	347	375	379	392	382	414	447
Merchandising .....	89	122	117	119	153	165	175	183	199	219	259	306	336	354
Financial institutions .....	58	136	144	126	198	232	222	208	241	267	253	289	349	427
Other enterprises .....	48	61	58	55	54	54	59	65	69	84	99	108	122	115
<b>Total, United States Direct Investments .....</b>	<b>1,403</b>	<b>1,993</b>	<b>1,933</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>3,896</b>	<b>4,532</b>	<b>5,206</b>	<b>5,740</b>

**TABLE VI. Foreign Direct Investment in Canada, Selected Year Ends 1926-1954**  
Classification by Types of Investment

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

Type of Business	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Manufacturing:</b>														
Vegetable products .....	55	71	66	61	60	60	68	69	68	74	74	82	86	92
Animal products .....	2	3	2	2	3	2	3	2	3	3	3	3	3	4
Textiles .....	11	13	15	18	26	27	30	33	30	36	38	39	41	44
Wood and paper products .....	39	44	36	38	30	31	33	32	88	92	109	111	121	121
Iron and products .....	3	3	3	4	4	4	5	7	7	20	14	15	21	23
Non-ferrous metals .....	2	3	3	6	8	6	5	7	8	9	10	8	15	19
Non-metallic minerals .....	3	3	2	3	4	4	6	15	15	19	17	25	27	26
Chemicals and allied products .....	8	15	16	21	19	19	21	25	26	28	30	36	42	92
Miscellaneous manufactures .....	—	—	—	—	2	2	2	3	5	7	12	26	26	36
<b>Total .....</b>	<b>123</b>	<b>155</b>	<b>143</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>345</b>	<b>382</b>	<b>457</b>
Mining and smelting .....	27	26	26	29	22	19	18	19	17	19	19	18	17	20
Utilities .....	26	27	26	15	16	16	18	18	17	16	16	16	16	15
Merchandising .....	43	48	45	46	51	55	67	70	76	84	98	107	117	130
Financial institutions .....	114	133	133	120	98	85	92	95	61	54	48	47	65	94
Other enterprises .....	3	3	3	3	5	5	4	5	7	7	9	11	15	19
<b>Total, United Kingdom Direct Investments</b>	<b>336</b>	<b>392</b>	<b>376</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>544</b>	<b>612</b>	<b>735</b>

**D. Long-Term Direct Investments in Canada owned by Residents of All Other Countries**  
(Millions of dollars)

Type of Business	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Manufacturing:</b>														
Vegetable products .....	—	—	—	—	—	—	—	—	—	1	3	3	4	4
Animal products .....	1	1	1	1	—	1	1	2	3	3	3	4	4	5
Textiles .....	—	—	—	1	2	2	2	2	2	2	2	2	1	2
Wood and paper products .....	—	—	—	—	2	2	2	3	—	—	1	—	1	1
Iron and products .....	1	1	1	1	1	1	1	1	2	2	2	5	5	9
Non-ferrous metals .....	—	—	—	—	—	—	—	—	2	2	3	5	7	7
Non-metallic minerals .....	—	—	—	—	—	—	—	—	—	1	—	—	25	28
Chemicals and allied products .....	1	1	1	2	7	7	8	8	7	8	8	9	9	11
Miscellaneous manufactures .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total .....</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>16</b>	<b>16</b>	<b>19</b>	<b>22</b>	<b>28</b>	<b>56</b>	<b>67</b>
Mining and smelting .....	1	1	1	1	—	—	—	—	1	4	5	7	9	16
Utilities .....	—	—	2	1	1	3	4	3	5	4	4	6	6	5
Merchandising .....	2	3	3	3	4	5	5	7	6	10	15	18	18	22
Financial institutions .....	37	35	34	38	43	41	42	36	34	43	77	81	92	105
Other enterprises .....	—	—	—	1	1	1	1	1	1	1	4	4	4	5
<b>Total, Other Countries Direct Investments</b>	<b>43</b>	<b>42</b>	<b>43</b>	<b>49</b>	<b>61</b>	<b>63</b>	<b>66</b>	<b>63</b>	<b>63</b>	<b>81</b>	<b>127</b>	<b>144</b>	<b>185</b>	<b>220</b>

TABLE VII. Foreign Portfolio Investment in Canada, Selected Year Ends 1926-1954

Classification by Types of Investment

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

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	638	682	752	823	726	750	713	823	975	1,141	1,013	858	744	659
Provincial .....	422	592	572	536	624	594	551	528	534	565	771	816	930	964
Municipal .....	374	432	394	344	312	267	264	248	246	256	319	354	413	433
<b>Sub-total.....</b>	<b>1,434</b>	<b>1,706</b>	<b>1,718</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>2,028</b>	<b>2,087</b>	<b>2,056</b>
<b>Manufacturing:</b>														
Vegetable products.....	26	43	46	49	68	66	67	72	70	70	75	65	73	72
Animal products .....	6	8	5	6	14	14	12	5	6	7	8	10	12	12
Textiles .....	11	16	16	20	27	26	24	26	28	31	31	30	30	28
Wood and paper products .....	95	208	147	132	107	95	84	97	106	117	151	159	155	173
Iron and products .....	81	59	43	39	42	44	43	53	56	63	63	75	82	84
Non-ferrous metals .....	9	9	8	10	63	63	63	64	64	63	88	113	153	157
Non-metallic minerals .....	4	9	9	20	26	25	27	31	30	37	37	44	49	55
Chemicals and allied products .....	10	20	24	26	25	26	27	29	31	33	40	44	49	19
Miscellaneous manufactures .....	12	2	2	1	4	2	2	2	2	2	2	2	2	3
<b>Sub-total.....</b>	<b>234</b>	<b>374</b>	<b>300</b>	<b>303</b>	<b>376</b>	<b>361</b>	<b>349</b>	<b>379</b>	<b>393</b>	<b>423</b>	<b>495</b>	<b>542</b>	<b>605</b>	<b>603</b>
Mining and smelting .....	50	97	100	101	126	122	124	130	145	155	188	226	293	356
<b>Public utilities:</b>														
Railways .....	1,829	2,127	2,131	1,776	1,499	1,491	1,510	1,412	1,352	1,345	1,345	1,338	1,328	1,316
Other.....	229	301	284	229	218	264	182	192	190	249	254	326	337	361
<b>Sub-total.....</b>	<b>2,058</b>	<b>2,428</b>	<b>2,415</b>	<b>2,005</b>	<b>1,717</b>	<b>1,755</b>	<b>1,692</b>	<b>1,604</b>	<b>1,542</b>	<b>1,594</b>	<b>1,599</b>	<b>1,664</b>	<b>1,665</b>	<b>1,677</b>
Merchandising .....	16	30	27	21	18	13	15	17	19	17	16	16	58	71
Financial institutions .....	135	239	169	189	186	199	197	202	212	209	217	231	270	440
Other enterprises .....	14	18	14	10	10	9	7	7	6	6	8	10	10	10
Miscellaneous investments .....	260	295	270	285	284	282	290	298	302	320	328	447	467	561
<b>Total Foreign Portfolio Investments .....</b>	<b>4,221</b>	<b>5,187</b>	<b>5,013</b>	<b>4,617</b>	<b>4,379</b>	<b>4,352</b>	<b>4,202</b>	<b>4,236</b>	<b>4,374</b>	<b>4,686</b>	<b>4,954</b>	<b>5,164</b>	<b>5,455</b>	<b>5,774</b>

Note: Total portfolio investments for the purpose of this table include Miscellaneous Investments (real estate, mortgages, assets administered for non-residents, private investment companies, etc.).

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

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	382	440	451	567	682	701	665	775	844	1,009	887	737	608	515
Provincial .....	342	517	493	473	574	554	515	494	492	525	732	782	886	914
Municipal .....	185	248	248	181	194	183	207	198	198	212	279	316	376	393
<b>Sub-total.....</b>	<b>909</b>	<b>1,205</b>	<b>1,192</b>	<b>1,221</b>	<b>1,450</b>	<b>1,438</b>	<b>1,387</b>	<b>1,467</b>	<b>1,534</b>	<b>1,746</b>	<b>1,898</b>	<b>1,835</b>	<b>1,870</b>	<b>1,822</b>
<b>Manufacturing:</b>														
Vegetable products.....	13	29	36	39	59	55	56	62	60	59	63	54	62	61
Animal products .....	4	6	3	2	3	4	2	2	2	3	4	6	8	8
Textiles .....	4	6	6	6	13	13	11	12	14	15	15	15	16	15
Wood and paper products .....	65	155	116	90	67	62	60	65	72	82	113	120	120	131
Iron and products .....	40	34	20	17	25	28	27	36	39	43	41	52	58	62
Non-ferrous metals .....	3	5	4	7	6	6	6	7	7	5	5	7	24	28
Non-metallic minerals .....	3	6	6	8	15	13	14	16	18	22	27	30	33	36
Chemicals and allied products .....	1	3	3	6	6	6	6	6	6	6	8	9	10	13
Miscellaneous manufactures .....	2	2	2	1	3	1	1	1	1	1	1	1	1	2
<b>Sub-total.....</b>	<b>135</b>	<b>246</b>	<b>196</b>	<b>176</b>	<b>197</b>	<b>188</b>	<b>183</b>	<b>207</b>	<b>219</b>	<b>236</b>	<b>277</b>	<b>294</b>	<b>332</b>	<b>356</b>
Mining and smelting .....	24	45	49	53	67	66	70	72	85	96	120	151	212	258
<b>Public utilities:</b>														
Railways .....	426	741	742	507	634	639	662	640	585	586	576	564	539	530
Other.....	125	190	187	114	102	153	89	103	103	158	178	248	257	272
<b>Sub-total.....</b>	<b>551</b>	<b>931</b>	<b>929</b>	<b>621</b>	<b>736</b>	<b>792</b>	<b>751</b>	<b>743</b>	<b>688</b>	<b>744</b>	<b>754</b>	<b>812</b>	<b>796</b>	<b>802</b>
Merchandising .....	10	16	14	10	11	8	10	11	12	11	11	11	52	64
Financial institutions .....	67	115	77	75	87	89	90	89	97	95	100	106	135	269
Other enterprises .....	12	15	12	9	8	8	6	7	5	4	7	8	8	9
Miscellaneous investments .....	85	94	90	105	130	140	155	163	170	190	195	249	257	302
<b>Total United States Portfolio Investments .....</b>	<b>1,793</b>	<b>2,667</b>	<b>2,539</b>	<b>2,270</b>	<b>2,686</b>	<b>2,729</b>	<b>2,652</b>	<b>2,759</b>	<b>2,810</b>	<b>3,122</b>	<b>3,362</b>	<b>3,466</b>	<b>3,662</b>	<b>3,882</b>

TABLE VII. Foreign Portfolio Investment in Canada, Selected Year Ends 1926-1954

Classification by Types of Investment

## C. Long-Term Portfolio Investments in Canada Owned by Residents of the United Kingdom

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	250	235	291	238	—	—	—	—	84	82	70	68	79	71
Provincial .....	73	69	74	58	45	37	35	33	41	39	38	32	36	38
Municipal .....	187	182	144	157	112	78	55	48	46	42	38	36	35	35
<b>Sub-total .....</b>	<b>510</b>	<b>486</b>	<b>509</b>	<b>453</b>	<b>157</b>	<b>115</b>	<b>90</b>	<b>81</b>	<b>171</b>	<b>163</b>	<b>146</b>	<b>136</b>	<b>150</b>	<b>144</b>
<b>Manufacturing:</b>														
Vegetable products .....	12	13	9	8	6	5	5	6	6	6	6	6	7	6
Animal products .....	1	2	2	3	3	2	2	1	2	2	2	2	2	2
Textiles .....	7	9	9	12	12	11	11	12	12	14	14	13	12	11
Wood and paper products .....	29	51	28	36	34	29	19	27	28	27	29	29	25	29
Iron and products .....	37	21	19	15	8	9	10	10	10	14	14	16	16	14
Non-ferrous metals .....	5	3	3	1	56	56	56	56	56	56	81	105	127	127
Non-metallic minerals .....	1	3	3	11	9	10	12	14	9	12	7	8	8	9
Chemicals and allied products .....	9	17	21	18	17	18	19	21	23	25	30	32	35	2
Miscellaneous manufactures .....	10	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Sub-total .....</b>	<b>111</b>	<b>119</b>	<b>94</b>	<b>104</b>	<b>145</b>	<b>140</b>	<b>134</b>	<b>147</b>	<b>146</b>	<b>156</b>	<b>183</b>	<b>211</b>	<b>232</b>	<b>200</b>
Mining and smelting .....	24	48	46	32	40	37	34	37	37	36	41	43	46	55
<b>Public utilities:</b>														
Railways .....	1,346	1,326	1,329	1,202	792	781	778	710	702	695	693	688	691	684
Other .....	96	99	86	88	88	83	68	65	63	65	51	50	52	58
<b>Sub-total .....</b>	<b>1,442</b>	<b>1,425</b>	<b>1,415</b>	<b>1,290</b>	<b>880</b>	<b>864</b>	<b>846</b>	<b>775</b>	<b>765</b>	<b>760</b>	<b>744</b>	<b>738</b>	<b>743</b>	<b>742</b>
Merchandising .....	6	13	12	9	6	5	4	6	7	6	5	5	5	6
Financial institutions .....	62	110	80	101	88	97	94	93	94	93	94	92	102	123
Other enterprises .....	1	2	1	1	1	—	1	—	—	1	1	1	1	1
Miscellaneous investments .....	145	171	150	120	85	75	70	69	67	65	65	114	116	137
<b>Total United Kingdom Portfolio Investments .....</b>	<b>2,301</b>	<b>2,374</b>	<b>2,307</b>	<b>2,110</b>	<b>1,402</b>	<b>1,333</b>	<b>1,273</b>	<b>1,208</b>	<b>1,287</b>	<b>1,280</b>	<b>1,279</b>	<b>1,340</b>	<b>1,395</b>	<b>1,408</b>

## D. Long-Term Portfolio Investments in Canada Owned by Residents of all Other Countries

(Millions of dollars)

Type of Investment	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954
<b>Government securities:</b>														
Dominion .....	6	7	10	18	44	49	48	48	47	50	56	53	57	73
Provincial .....	7	6	5	5	5	3	1	1	1	1	1	2	8	12
Municipal .....	2	2	2	6	6	6	2	2	2	2	2	2	2	5
<b>Sub-total .....</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>29</b>	<b>55</b>	<b>58</b>	<b>51</b>	<b>51</b>	<b>50</b>	<b>53</b>	<b>59</b>	<b>57</b>	<b>67</b>	<b>90</b>
<b>Manufacturing:</b>														
Vegetable products .....	1	1	1	2	3	6	6	4	4	5	6	5	4	5
Animal products .....	1	—	—	1	8	8	8	2	2	2	2	2	2	2
Textiles .....	—	1	1	2	2	2	2	2	2	2	2	2	2	2
Wood and paper products .....	1	2	3	6	6	4	5	5	6	8	9	10	10	13
Iron and products .....	4	4	4	7	9	7	6	7	7	6	8	7	8	8
Non-ferrous metals .....	1	1	1	2	1	1	1	1	1	2	2	1	2	2
Non-metallic minerals .....	—	—	—	1	2	2	1	1	3	3	3	6	8	10
Chemicals and allied products .....	—	—	—	2	2	2	2	2	2	2	2	3	4	4
Miscellaneous manufactures .....	—	—	—	—	1	1	1	1	1	1	1	1	1	1
<b>Sub-total .....</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>34</b>	<b>33</b>	<b>32</b>	<b>25</b>	<b>28</b>	<b>31</b>	<b>35</b>	<b>37</b>	<b>41</b>	<b>47</b>
Mining and smelting .....	2	4	5	16	19	19	20	21	23	23	27	32	35	43
<b>Public utilities:</b>														
Railways .....	57	60	60	67	73	71	70	62	65	64	76	86	98	102
Other .....	8	12	11	27	28	28	25	24	24	26	25	28	28	31
<b>Sub-total .....</b>	<b>65</b>	<b>72</b>	<b>71</b>	<b>94</b>	<b>101</b>	<b>99</b>	<b>95</b>	<b>86</b>	<b>89</b>	<b>90</b>	<b>101</b>	<b>114</b>	<b>126</b>	<b>133</b>
Merchandising .....	—	1	1	2	1	—	1	—	—	—	—	—	1	1
Financial institutions .....	6	14	12	13	11	13	13	20	21	21	23	33	33	48
Other enterprises .....	1	1	1	—	1	1	—	—	1	1	—	1	1	—
Miscellaneous investments .....	30	30	30	60	69	67	65	66	65	65	68	84	94	122
<b>Total Other Countries Portfolio Investments .....</b>	<b>127</b>	<b>146</b>	<b>147</b>	<b>237</b>	<b>291</b>	<b>290</b>	<b>277</b>	<b>269</b>	<b>277</b>	<b>284</b>	<b>313</b>	<b>358</b>	<b>398</b>	<b>484</b>

1. New series not strictly comparable with earlier years.

**TABLE VIII. Estimated Book Value of Investment in the Petroleum Industry in Canada<sup>1</sup> Classification by Country of Ownership and Principal Activity of Company End of 1945 and 1953**

(Millions of dollars)

Investment in:	Canada		United States		United Kingdom and Other Countries		Total	
	1945	1953	1945	1953	1945	1953	1945	1953
<b>Exploration and Development companies</b>								
Controlled in Canada .....	48	323	1	39	1	1	50	363
Controlled in United States .....	4	38	4	491	—	—	8	529
Controlled in United Kingdom and other countries .....	—	1	—	—	—	7	—	8
<b>Sub-total .....</b>	<b>52</b>	<b>362</b>	<b>5</b>	<b>530</b>	<b>1</b>	<b>8</b>	<b>58</b>	<b>900</b>
<b>Refining companies</b>								
Controlled in Canada .....	57	191	6	27	—	1	63	219
Controlled in United States .....	53	174	100	433	6	9	159	616
Controlled in United Kingdom and other countries .....	—	6	—	—	2	27	2	33
<b>Sub-total .....</b>	<b>110</b>	<b>371</b>	<b>106</b>	<b>460</b>	<b>8</b>	<b>37</b>	<b>224</b>	<b>868</b>
<b>Merchandising companies</b>								
Controlled in Canada .....	19	38	—	—	—	—	19	38
Controlled in United States .....	—	—	6	35	—	—	6	35
Controlled in United Kingdom and other countries <sup>2</sup> .....	—	—	—	—	—	—	—	—
<b>Sub-total .....</b>	<b>19</b>	<b>38</b>	<b>6</b>	<b>35</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>73</b>
<b>Transportation companies</b>								
Controlled in United States .....	2	74	2	119	2	1	2	194
<b>Sub-total .....</b>	<b>2</b>	<b>74</b>	<b>2</b>	<b>119</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>194</b>
<b>All Petroleum companies</b>								
Controlled in Canada .....	124	552	7	66	1	2	132	620
Controlled in United States .....	57	286	110	1,078	6	10	173	1,374
Controlled in United Kingdom and other countries .....	—	7	—	—	2	34	2	41
<b>Total .....</b>	<b>181</b>	<b>845</b>	<b>117</b>	<b>1,144</b>	<b>9</b>	<b>46</b>	<b>307</b>	<b>2,035</b>
<b>Percentage Distribution of Ownership</b>								
<b>All Petroleum companies</b>								
Controlled in Canada .....	40.4	27.1	2.3	3.2	0.3	0.1	43.0	30.5
Controlled in United States .....	18.6	14.1	35.8	53.0	2.0	0.5	56.4	67.5
Controlled in United Kingdom and other countries .....	—	0.3	—	—	0.6	1.7	0.6	2.0
<b>Total .....</b>	<b>59.0</b>	<b>41.5</b>	<b>38.1</b>	<b>56.2</b>	<b>2.9</b>	<b>2.3</b>	<b>100.0</b>	<b>100.0</b>

1. Newfoundland is included with Canada to preserve comparability with later series.
2. Investment is included with refining companies.

**Classification of petroleum industry in investment records**

Investment in:  
 Exploration and development companies  
 Refining companies  
 Merchandising companies  
 Transportation companies

Recorded in Tables V to VII under:  
 Mining and smelting  
 Manufacturing (non-metallic minerals)  
 Merchandising  
 Public Utilities (other)

TABLE IX. Distribution of Ownership of Funded Debt of Canadian Governments and Corporations

A. End of 1936  
(Millions of dollars)

Debtor	Amounts Outstanding	Distribution of Ownership			
		Canada	United States	United Kingdom	Other Countries
Dominion direct and guaranteed, excluding railways.....	3,413	2,607	487	319	—
Provincial direct and guaranteed, excluding railways.....	1,846	1,327	448	68	3
Municipal .....	1,467	1,103	226	138	—
Sub-total Government bonds .....	6,726	5,037	1,161	525	3
Percentage distribution .....	100.00%	74.89%	17.26%	7.81%	0.04%
Steam railways .....	1,840	673	427	740	—
Other corporations .....	1,597	980	469	134	14
Total bonds and debentures .....	10,163	6,690	2,057	1,399	17
Percentage distribution .....	100.00%	65.83%	20.24%	13.77%	0.16%

B. End of 1954  
(Millions of dollars)

Debtor	Amounts Outstanding	Distribution of Ownership			
		Canada	United States	United Kingdom	Other Countries
Dominion direct and guaranteed, excluding railways.....	14,510	13,851	515	71	73
Provincial direct and guaranteed, excluding railways.....	3,432	2,468	914	38	12
Municipal .....	1,962	1,529	393	35	5
Sub-total Government bonds .....	19,904	17,848	1,822	144	90
Percentage distribution .....	100.00%	89.67%	9.16%	0.72%	0.45%
Steam railways .....	1,540	936	274	298	32
Other corporations .....	3,924	2,773	972	151	28
Total bonds and debentures .....	25,368	21,557	3,068	593	150
Percentage distribution .....	100.00%	84.98%	12.09%	2.34%	0.59%

**TABLE X. Canadian and Foreign Ownership of Investments in Canada Controlled in the United States End of 1945 and 1954**  
**Classification by Types of Business**

(Millions of dollars)

Type of Business	Total US- Controlled Investment in Canada	Ownership of Investment by:						
		Canadians			Non-residents excluding United States	United States residents		
		Debt	Equity	Total		Canadian corporations	Unincorporated branches	Total <sup>1</sup>
<b>End of 1945</b>								
Manufacturing:								
Vegetable products .....	151	1	10	11	—	138	2	140
Animal products .....	49	—	—	—	5	44	—	44
Textiles .....	32	1	2	3	—	25	4	29
Wood and paper products .....	330	4	10	14	1	312	3	315
Iron and products .....	291	—	19	19	1	244	27	271
Non-ferrous metals .....	306	16	32	48	56	199	3	202
Non-metallic minerals <sup>2</sup> .....	188	6	41	47	6	133	2	135
Chemicals and allied products .....	152	—	17	17	17	108	10	118
Miscellaneous manufactures .....	31	—	—	—	—	31	—	31
<b>Sub-total .....</b>	<b>1,530</b>	<b>28</b>	<b>131</b>	<b>159</b>	<b>86</b>	<b>1,234</b>	<b>51</b>	<b>1,285</b>
Mining and smelting <sup>2</sup> .....	366	—	71	71	40	251	4	255
Utilities .....	553	70	116	186	8	335	24	359
Merchandising .....	160	—	7	7	—	143	10	153
Financial institutions .....	204	2	3	5	1	41	157	198
Other enterprises .....	64	5	4	9	1	51	3	54
<b>Total .....</b>	<b>2,877</b>	<b>105</b>	<b>332</b>	<b>437</b>	<b>136</b>	<b>2,055</b>	<b>249</b>	<b>2,304</b>
<b>End of 1954</b>								
Manufacturing:								
Vegetable products .....	307	9	17	26	—	278	3	281
Animal products .....	76	1	1	2	—	74	—	74
Textiles .....	50	2	1	3	—	47	—	47
Wood and paper products .....	756	76	36	112	2	638	4	642
Iron and products .....	679	5	65	70	2	545	62	607
Non-ferrous metals .....	885	117	104	221	125	534	5	539
Non-metallic minerals <sup>2</sup> .....	811	87	123	210	15	583	3	586
Chemicals and allied products .....	339	41	18	59	—	266	14	280
Miscellaneous manufactures .....	79	1	1	2	—	76	1	77
<b>Sub-total .....</b>	<b>3,982</b>	<b>339</b>	<b>366</b>	<b>705</b>	<b>144</b>	<b>3,041</b>	<b>92</b>	<b>3,133</b>
Mining and smelting <sup>2</sup> .....	1,607	47	227	274	69	668	596	1,264
Utilities .....	664	78	133	211	6	407	40	447
Merchandising .....	379	4	20	24	1	313	41	354
Financial institutions .....	562	127	6	133	2	213	214	427
Other enterprises .....	146	9	21	30	1	101	14	115
<b>Total .....</b>	<b>7,340</b>	<b>604</b>	<b>773</b>	<b>1,377</b>	<b>223</b>	<b>4,743</b>	<b>997</b>	<b>5,740</b>

1. United States direct investment in Canada as shown in Tables IVB and VI B.

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 XI. Range of Canadian Minority Participation<sup>1</sup> in Common Stock Equity of United States Direct Investment in Canada, End of 1953**

(Number of Concerns)

Industry	50% and over	25-49%	2-24%	1% <sup>2</sup>	Sub-total	0% <sup>3</sup>	Total <sup>4</sup>
Manufacturing .....	49	85	141	32	307	904	1,211
Mining .....	2	33	31	1	67	163	230
Utilities .....	4	4	6	4	18	54	72
Merchandising .....	18	46	54	14	132	451	583
Financial .....	—	8	17	7	32	247	279
Other enterprises .....	10	19	38	8	75	221	296
<b>Total .....</b>	<b>83</b>	<b>195</b>	<b>287</b>	<b>66</b>	<b>631</b>	<b>2,040</b>	<b>2,671</b>
Percentage .....	3	7	11	3	24	76	100

1. Adjustments are normally made to prevent inflation of book value series by significant inter-corporate holdings of securities. In such cases the present series cover only the minority Canadian participation.

2. Figures may include directors' qualifying shares.

3. Figures include unincorporated branches in Canada of foreign corporations.

4. Figures do not include wholly-owned subsidiaries in Canada of Canadian corporations controlled in the United States.



TABLE XII. Number of Canadian Concerns Controlled Abroad<sup>1</sup>, End of 1945 and 1954 Classification by Countries of Control 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>End of 1945</b>									
Manufacturing:									
Vegetable products .....	89	8	97	30	2	32	—	—	—
Animal products .....	44	3	47	4	1	5	3	—	3
Textiles .....	52	4	56	14	3	17	3	—	3
Wood and paper products .....	114	16	130	16	1	17	2	—	2
Iron and products .....	192	19	211	17	1	18	1	—	1
Non-ferrous metals .....	110	7	117	11	—	11	—	—	—
Non-metallic minerals .....	57	3	60	7	—	7	—	—	—
Chemicals and allied products .....	184	40	224	28	4	32	6	—	6
Miscellaneous manufactures .....	43	7	50	1	—	1	—	1	1
<b>Sub-total</b> .....	<b>885</b>	<b>107</b>	<b>992</b>	<b>128</b>	<b>12</b>	<b>140</b>	<b>15</b>	<b>1</b>	<b>16</b>
Mining and smelting .....	72	10	82	9	4	13	—	—	—
Utilities:									
Railways .....	12	2	14	3	—	3	—	—	—
Other utilities .....	83	13	96	2	1	3	1	—	1
Merchandising .....	346	52	398	110	26	136	23	2	25
Financial institutions:									
Insurance .....	10	184	194	27	73	100	1	22	23
Investment trusts .....	17	—	17	8	—	8	5	—	5
Other financial institutions .....	43	7	50	18	14	32	5	1	6
Other enterprises .....	126	16	142	15	5	20	6	—	6
<b>Total, All Companies<sup>2</sup></b> .....	<b>1,594</b>	<b>391</b>	<b>1,985</b>	<b>320</b>	<b>135</b>	<b>455</b>	<b>56</b>	<b>26</b>	<b>82</b>
<b>End of 1954</b>									
Manufacturing:									
Vegetable products .....	120	5	125	50	2	52	3	—	3
Animal products .....	58	—	58	4	1	5	3	—	3
Textiles .....	77	1	78	21	2	23	5	—	5
Wood and paper products .....	163	12	175	31	1	32	7	—	7
Iron and products .....	325	19	344	58	—	58	10	—	10
Non-ferrous metals .....	190	6	196	33	3	36	9	—	9
Non-metallic minerals .....	77	4	81	22	—	22	4	—	4
Chemicals and allied products .....	272	37	309	48	2	50	10	2	12
Miscellaneous manufactures .....	86	8	94	16	—	16	3	—	3
<b>Sub-total</b> .....	<b>1,368</b>	<b>92</b>	<b>1,460</b>	<b>283</b>	<b>11</b>	<b>294</b>	<b>54</b>	<b>2</b>	<b>56</b>
Mining and smelting .....	271	90	361	20	2	22	9	2	11
Utilities:									
Railways .....	8	4	12	4	—	4	—	—	—
Other utilities .....	94	19	113	17	3	20	12	3	15
Merchandising .....	598	95	693	266	32	298	57	2	59
Financial:									
Financial institutions except insurance .....	39	2	41	22	1	23	5	—	5
Insurance .....	11	181	192	23	91	114	7	44	51
Real estate .....	44	3	47	14	3	17	8	—	8
Other holding companies .....	35	12	47	19	1	20	21	—	21
Other enterprises .....	328	67	395	54	6	60	21	1	22
<b>Total, All Companies<sup>3</sup></b> .....	<b>2,796</b>	<b>565</b>	<b>3,361</b>	<b>722</b>	<b>150</b>	<b>872</b>	<b>194</b>	<b>54</b>	<b>248</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. 210; in the U.K. 58; in other countries 2.

3. Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 584; in the U.K. 160; in other countries 22.

**TABLE XIII. Investment in All and in Selected United States Controlled Manufacturing Companies in Canada, End of 1946 with Statistics of Manufacturing operations for the Selected companies 1946, Classification by principal activity of enterprise**

No.	Principal Manufacturing Activity of Company	All United States Direct Investment Companies			Selected United States Direct Investment Companies <sup>1</sup>		
		Enter-prises	Aggregate Investment in Canada	United States ownership	Percentage of all United States Direct Investment		
					Enter-prises	Aggregate Investment in Canada	United States ownership
		number	\$ million	\$ million	%	%	%
1	Vegetable products.....	93	157	146	26	86	87
2	Animal products .....	30	49	42	20	90	90
3	Textiles.....	54	32	29	11	37	41
4	Wood and paper products.....	117	367	350	12	81	81
5	Iron and products .....	206	308	283	22	81	80
6	Non-ferrous metals .....	101	310	208	19	90	86
7	Non-metallic minerals .....	49	200	138	20	85	85
8	Chemicals and allied products.....	213	170	134	11	70	64
9	Miscellaneous manufactures.....	50	36	36	10	67	67
10	Total - Manufacturing companies.....	913 <sup>3</sup>	1,629	1,366	17	82	80
11	Manufacturing operations at selected U.S. direct investment mining and merchandising companies....						
12	<b>Grand Total</b> .....						

1. Manufacturing companies are those included in the DBS report "United States Direct Investments in Canada: Statistics of investments in all companies and operations of the larger manufacturing companies" (1949) regrouped to correspond with corporate investment classification.

2. Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

3. These concerns had 109 wholly owned manufacturing subsidiaries in Canada.

4. These concerns had 32 wholly owned manufacturing subsidiaries in Canada.

**TABLE XIV. Investment in All and in Selected United States Controlled Manufacturing Companies in Canada, End of 1953 with Statistics of Manufacturing operations for the Selected companies 1953, Classification by principal activity of enterprise**

No.	Principal Manufacturing Activity of Company	All United States Direct Investment Companies			Selected United States Direct Investment Companies		
		Enter-prises	Aggregate Investment in Canada	United States ownership	Percentage of all United States Direct Investment		
					Enter-prises	Aggregate Investment in Canada	United States ownership
		number	\$ million	\$ million	%	%	%
1	Vegetable products.....	101	292	262	40	89	90
2	Animal products .....	40	71	70	15	89	90
3	Textiles.....	68	47	43	22	68	70
4	Wood and paper products.....	137	653	559	25	95	94
5	Iron and products .....	301	665	592	32	83	82
6	Non-ferrous metals .....	156	780	494	28	96	93
7	Non-metallic minerals .....	63	708	505	37	98	97
8	Chemicals and allied products.....	266	367	266	15	86	81
9	Miscellaneous manufactures.....	79	66	65	14	80	80
10	Total - Manufacturing companies.....	1,211 <sup>2</sup>	3,649	2,858	26	91	90
11	Manufacturing operations at selected U.S. direct investment mining and merchandising companies....						
12	<b>Grand Total</b> .....						

1. Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

2. These concerns had 191 wholly owned manufacturing subsidiaries in Canada.

3. These concerns had 64 wholly owned manufacturing subsidiaries in Canada.

**TABLE XIII. Investment in All and in Selected United States Controlled Manufacturing Companies in Canada, End of 1946 with Statistics of Manufacturing operations for the Selected companies 1946, Classification by principal activity of enterprise**

Selected United States Direct Investment Companies <sup>1</sup>									
Enter-prises	Aggregate Investment in Canada	United States ownership	Manufacturing operations classified by company						No.
			Estab-lishments	Employees	Earnings	Cost at plant of materials used	Value added by manufacture	Gross value of products <sup>2</sup>	
number	\$ million	\$ million	number	number	\$ million	\$ million	\$ million	\$ million	
24	135	127	78	20,641	36	139	108	251	1
6	44	38	72	8,831	16	108	28	137	2
6	12	12	7	3,432	5	9	9	18	3
14	296	284	58	16,628	36	100	89	204	4
45	250	227	73	48,398	93	218	154	378	5
19	278	179	59	38,424	69	113	133	258	6
10	171	117	22	7,092	15	113	47	170	7
24	119	86	89	12,321	22	60	77	144	8
5	24	24	9	4,674	9	16	18	34	9
153 <sup>4</sup>	1,329	1,094	467	160,441	301	876	665	1,594	10
5	246	171	10	7,070	14	109	32	149	11
<b>158</b>	<b>1,575</b>	<b>1,265</b>	<b>477</b>	<b>167,511</b>	<b>315</b>	<b>985</b>	<b>697</b>	<b>1,743</b>	<b>12</b>

1. Manufacturing companies are those included in the DBS report "United States Direct Investments in Canada: Statistics of investments in all companies and operations of the larger manufacturing companies" (1949) regrouped to correspond with corporate investment classification.

2. Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

3. These concerns had 109 wholly owned manufacturing subsidiaries in Canada.

4. These concerns had 32 wholly owned manufacturing subsidiaries in Canada.

**TABLE XIV. Investment in All and in Selected United States Controlled Manufacturing Companies in Canada, End of 1953 with Statistics of Manufacturing operations for the Selected companies 1953, Classification by principal activity of enterprise**

Selected United States Direct Investment Companies									
Enter-prises	Aggregate Investment in Canada	United States ownership	Manufacturing operations classified by company						No.
			Estab-lishments	Employees	Earnings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments <sup>1</sup>	
number	\$ million	\$ million	number	number	\$ million	\$ million	\$ million	\$ million	
40	261	237	122	31,370	99	335	312	654	1
6	63	63	53	8,248	26	166	50	219	2
15	32	30	23	6,343	16	23	26	50	3
34	618	526	141	30,457	117	290	285	608	4
96	554	486	133	79,013	293	866	560	1,458	5
44	745	461	97	58,661	200	368	433	835	6
23	692	491	48	15,064	59	412	152	591	7
40	316	216	122	21,588	74	181	217	411	8
11	53	52	17	17,009	61	77	106	184	9
309 <sup>3</sup>	3,334	2,561	756	267,753	945	2,717	2,161	5,011	10
6	442	273	15	11,486	44	231	158	409	11
<b>315</b>	<b>3,776</b>	<b>2,834</b>	<b>771</b>	<b>279,239</b>	<b>969</b>	<b>2,948</b>	<b>2,319</b>	<b>5,420</b>	<b>12</b>

1. Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

2. These concerns had 191 wholly owned manufacturing subsidiaries in Canada.

3. These concerns had 64 wholly owned manufacturing subsidiaries in Canada.

**TABLE XV. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1946**  
Classification by establishment

No.		All Canadian Manufacturing Establishments					Gross, value of products <sup>2</sup>
		Estab-lish-ments	Em-ployees	Earn-ings	Cost at plant of materials used	Value added by manufacture	
		No.	No.		\$ million		
1	Vegetable products .....	5,916	137,170	207	871	576	1,470
2	Animal products .....	4,528	102,844	152	849	271	1,132
3	Textiles .....	3,082	164,737	228	460	418	889
4	Wood and paper products .....	11,994	224,121	366	679	749	1,484
5	Iron and products .....	2,358	249,279	476	635	735	1,406
6	Non-ferrous metals .....	740	84,853	150	413	278	719
7	Non-metallic minerals .....	910	36,493	64	240	174	446
8	Chemicals and allied products .....	1,017	37,278	67	159	204	376
9	Miscellaneous manufactures .....	704	21,381	32	50	61	113
10	<b>Total</b> .....	<b>31,249</b>	<b>1,058,156</b>	<b>1,741</b>	<b>4,358</b>	<b>3,467</b>	<b>8,036</b>

1. Manufacturing establishments are those included in the DES report "United States Direct Investments in Canada: Statistics of investments in all companies and operations at the larger manufacturing companies" (1949) together with manufacturing establishments of selected United States direct investment mining and merchandising companies and regrouped by product manufactured.

2. Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

**TABLE XVI. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1953**  
Classification by establishment

No.		All Canadian Manufacturing Establishments					Selling value of factory shipments <sup>1</sup>
		Estab-lish-ments	Em-ployees	Earn-ings	Cost at plant of materials used	Value added by manufacture	
		No.	No.		\$ million		
1	Vegetable products .....	5,776	146,235	389	1,403	1,063	2,502
2	Animal products .....	3,175	95,576	235	1,263	435	1,717
3	Textiles .....	4,041	193,261	439	828	714	1,559
4	Wood and paper products .....	17,174	285,276	841	1,542	1,709	3,354
5	Iron and products .....	3,319	344,295	1,199	2,017	2,102	4,188
6	Non-ferrous metals .....	973	128,914	429	1,110	916	2,090
7	Non-metallic minerals .....	1,194	51,464	174	710	451	1,232
8	Chemicals and allied products .....	1,105	50,207	165	404	448	882
9	Miscellaneous manufactures .....	1,350	32,223	86	103	155	261
10	<b>Total</b> .....	<b>38,107</b>	<b>1,327,451</b>	<b>3,957</b>	<b>9,381</b>	<b>7,993</b>	<b>17,785</b>

1. Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

**TABLE XVII. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1953**  
Classification by geographic region

No.		All Canadian Manufacturing Establishments					Selling value of factory shipments <sup>1</sup>
		Estab-lish-ments	Em-ployees	Earn-ings	Cost at plant of materials used	Value added by manufacture	
		No.	No.		\$ million		
1	Atlantic Provinces .....	3,840	68,895	166	406	312	745
2	Province of Quebec .....	12,132	441,555	1,226	2,816	2,425	5,387
3	Province of Ontario .....	13,114	634,554	2,018	4,560	4,130	8,877
4	Prairie Provinces .....	4,674	88,426	246	872	509	1,407
5	Province of British Columbia <sup>2</sup> .....	4,347	94,021	301	726	617	1,369
6	<b>Total</b> .....	<b>38,107</b>	<b>1,327,451</b>	<b>3,957</b>	<b>9,381</b>	<b>7,993</b>	<b>17,785</b>

1. Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

2. Also includes Yukon and Northwest Territories.

**TABLE XV. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1946**

Classification by establishment

Selected United States Direct Investment Manufacturing Establishments <sup>1</sup>												
Percentage of all manufacturing establishments						Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Gross value of products <sup>2</sup>	No.
Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Gross value of products							
%	%	%	%	%	%	No.	No.	\$ million				
1.4	14	17	15	19	17	80	19,713	35	135	107	245	1
1.5	9	11	13	10	12	66	8,830	16	111	28	140	2
0.5	3	4	4	5	4	15	5,556	8	20	19	39	3
0.6	8	10	16	13	15	68	17,682	37	109	96	219	4
3.4	21	21	36	23	29	81	52,907	102	226	171	406	5
6.9	50	52	51	54	53	51	42,289	78	212	151	382	6
2.7	20	23	47	27	38	25	7,120	15	114	47	169	7
8.2	28	28	30	33	32	83	10,611	19	48	67	120	8
1.1	13	16	22	20	20	8	2,803	5	11	12	23	9
<b>1.5</b>	<b>16</b>	<b>18</b>	<b>23</b>	<b>20</b>	<b>22</b>	<b>477</b>	<b>167,511</b>	<b>315</b>	<b>985</b>	<b>697</b>	<b>1,743</b>	<b>10</b>

1. Manufacturing establishments are those included in the DBS report "United States Direct Investments in Canada: Statistics of investments in all companies and operations at the larger manufacturing companies" (1949) together with manufacturing establishments of selected United States direct investment mining and merchandising companies and regrouped by product manufactured.

2. Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

**TABLE XVI. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1953**

Classification by establishment

Selected United States Direct Investment Manufacturing Establishments												
Percentage of all manufacturing establishments						Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments <sup>1</sup>	No.
Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments							
%	%	%	%	%	%	No.	No.	\$ million				
2.0	20	24	23	29	26	118	29,943	95	324	308	639	1
1.6	9	11	14	12	13	51	8,214	26	175	54	231	2
8.7	5	6	7	8	8	35	9,925	27	62	54	118	3
9.2	11	15	20	17	19	159	32,431	123	308	299	641	4
4.2	28	30	47	33	39	142	96,603	358	943	691	1,651	5
8.8	50	52	52	60	56	86	64,737	225	576	550	1,178	6
3.7	27	31	56	31	46	44	13,691	54	401	142	569	7
1.1	37	39	35	42	39	119	18,451	64	141	187	340	8
1.3	16	20	17	22	20	17	5,244	17	18	34	52	9
<b>2.0</b>	<b>21</b>	<b>25</b>	<b>31</b>	<b>29</b>	<b>30</b>	<b>771</b>	<b>279,239</b>	<b>989</b>	<b>2,948</b>	<b>2,319</b>	<b>5,420</b>	<b>10</b>

1. Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

**TABLE XVII. Statistics of Manufacturing Operations of All Canadian Establishments and of Selected United States Controlled Establishments, 1953**

Classification by geographic region

Selected United States Direct Investment Manufacturing Establishments												
Percentage of all manufacturing establishments						Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments <sup>1</sup>	No.
Estab- lish- ments	Em- ployees	Earn- ings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments							
%	%	%	%	%	%	No.	No.	\$ million				
0.5	3.5	5.4	11.1	6.2	9.2	19	2,403	9	45	19	69	1
1.6	17.8	21.2	24.3	25.5	25.4	199	78,463	264	686	619	1,368	2
3.3	29.0	33.0	41.6	37.6	39.7	434	184,190	665	1,898	1,555	3,525	3
1.4	7.9	9.8	25.1	13.2	20.8	67	6,989	24	219	67	293	4
1.2	7.7	8.8	13.8	9.6	12.0	52	7,194	27	100	59	164	5
<b>2.0</b>	<b>21.0</b>	<b>25.0</b>	<b>31.4</b>	<b>29.0</b>	<b>30.5</b>	<b>771</b>	<b>279,239</b>	<b>989</b>	<b>2,948</b>	<b>2,319</b>	<b>5,420</b>	<b>6</b>

1. Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

2. Also includes Yukon and Northwest Territories.

**TABLE XVIII. Detailed Statistics of Manufacturing Operations of all Canadian Establishments and of Selected United States Controlled Establishments, 1953**

Classification by establishment

No.		All Canadian manufacturing establishments					
		Estab- lish- ments	Employees	Earnings	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments <sup>1</sup>
		No.	No.		\$ million		
	Foods and Beverages, Tobacco and						
1	Tobacco Products, and Leather Products .....	8,879	219,211	553	2,551	1,325	3,928
2	Bakery products and confectionery.....	2,805	49,679	115	217	224	452
3	Beverages.....	632	21,855	69	136	299	442
4	Canning and processing.....	1,061	29,008	56	206	132	343
5	Dairy products.....	1,622	24,331	62	374	121	505
6	Grain mill products.....	1,410	13,524	35	392	90	487
7	Other food industries, tobacco and tobacco prod- ucts, and leather products.....	1,349	80,814	215	1,226	459	1,699
8	Rubber products.....	72	22,600	71	114	173	291
9	Textile products (except clothing).....	959	73,190	185	388	299	701
10	Clothing (Textiles and Furs).....	3,082	120,071	254	439	415	858
11	Wood products .....	12,462	134,310	326	650	577	1,242
12	Paper products.....	555	84,436	310	717	767	1,568
13	Pulp and paper.....	127	58,194	236	499	600	1,180
14	Other.....	428	26,242	74	218	167	389
15	Printing, Publishing and Allied Industries.....	4,157	66,530	206	175	364	544
16	Iron and Steel products.....	2,698	188,236	643	906	1,141	2,099
17	Agricultural implements .....	80	14,161	50	90	79	171
18	Castings, iron .....	201	15,346	53	69	85	157
19	Hardware, tools and cutlery.....	351	14,422	46	41	85	127
20	Heating and cooking apparatus .....	117	9,218	28	44	52	97
21	Machinery, household, office and store .....	76	9,992	31	45	53	99
22	Machinery, industrial and machine tools .....	325	24,119	83	84	157	243
23	Primary iron and steel .....	62	34,956	130	212	217	459
24	Sheet metal products.....	316	18,275	59	120	104	225
25	Other iron and steel products .....	1,170	47,747	164	202	308	518
26	Transportation Equipment .....	621	156,059	555	1,111	961	2,090
27	Motor vehicles .....	20	32,973	131	558	274	836
28	Motor vehicle parts.....	179	23,335	81	162	141	308
29	Aircraft and parts, railway rolling stock, and other transportation equipment .....	422	99,751	343	391	547	947
30	Non-ferrous Metal Products .....	551	52,058	179	726	458	1,242
31	Brass and copper products.....	153	9,301	32	109	60	171
32	Non-ferrous metal smelting and refining .....	18	25,115	95	508	310	871
33	Other non-ferrous metal products .....	380	17,642	53	109	88	201
34	Electrical Apparatus and Supplies .....	422	76,856	251	384	457	848
35	Non-Metallic Mineral Products, and Products of Pe- troleum and Coal .....	1,194	51,464	174	710	452	1,232
36	Petroleum products.....	55	11,858	49	507	160	695
37	Non-metallic mineral products, and other products of petroleum and coal .....	1,139	39,606	125	204	292	537
38	Chemicals and Allied Products.....	1,105	50,207	165	404	448	882
39	Medicinal and pharmaceutical preparations.....	217	7,492	22	31	62	94
40	Paints, varnishes and lacquers.....	122	5,887	19	55	57	113
41	Soaps, washing compounds and cleaning preparations	141	3,824	13	38	50	89
42	Toilet preparations.....	94	1,955	5	11	19	30
43	Other chemicals and allied products .....	531	31,049	106	268	260	555
44	Miscellaneous Manufactures .....	1,350	32,223	86	103	155	261
45	<b>Total .....</b>	<b>38,107</b>	<b>1,327,451</b>	<b>3,957</b>	<b>9,381</b>	<b>7,993</b>	<b>17,785</b>

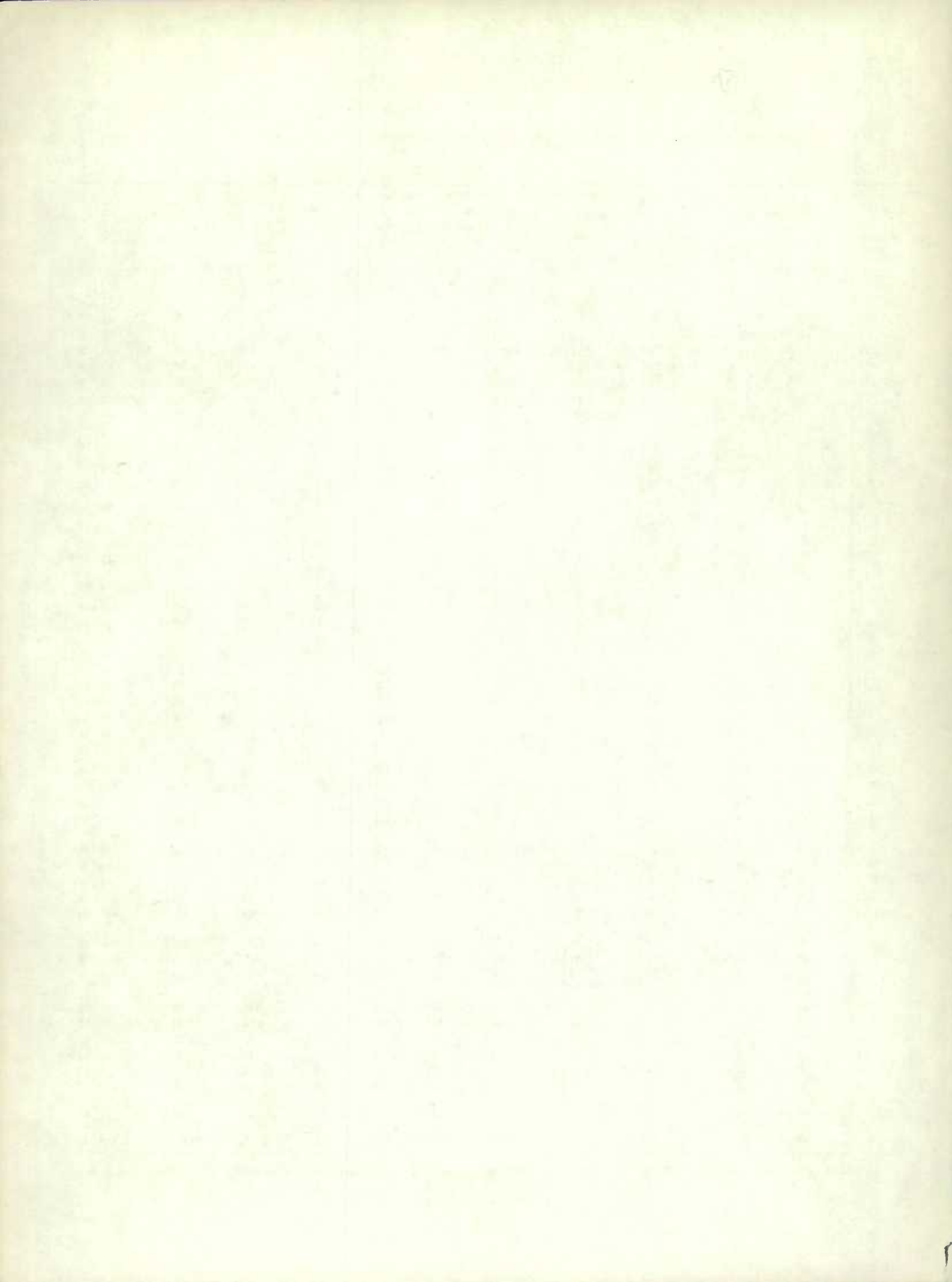
1. Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVIII. Detailed Statistics of Manufacturing Operations of all Canadian Establishments and of Selected United States Controlled Establishments, 1953

Classification by establishment

Selected United States Direct Investment Manufacturing Establishments												
Percentage of all manufacturing establishments						Estab- lish- ments	Em- ployees	Earnings	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments	No.
Estab- lish- ments	Em- ployees	Earnings	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments							
%	%	%	%	%	%	No.	No.	\$ million				No.
1.7	10	13	16	17	16	152	22,684	71	412	224	644	1
3.6	6	8	9	11	10	10	2,795	9	19	25	45	2
5.9	11	11	12	12	12	37	2,468	8	16	35	52	3
1.4	12	18	21	28	24	15	3,432	10	42	38	81	4
2.2	15	17	15	17	16	35	3,629	11	57	21	79	5
2.0	24	29	27	41	29	28	3,235	10	104	36	142	6
2.0	9	11	14	15	14	27	7,125	23	174	69	245	7
2.4	68	71	76	80	78	17	15,473	51	89	138	227	8
2.4	9	11	14	14	14	23	6,890	20	56	42	100	9
0.4	3	3	1	3	2	12	3,035	7	6	12	19	10
0.6	2	5	6	5	6	79	5,766	17	38	30	69	11
13.7	31	34	37	35	36	76	26,235	104	269	266	567	12
29.9	36	37	41	37	39	38	20,924	88	205	219	456	13
8.9	20	22	29	28	29	38	5,311	16	64	46	111	14
1.0	1	1	1	1	1	4	430	1	1	3	5	15
4.1	20	20	22	21	21	110	37,191	129	196	241	445	16
3.7	19	18	19	21	20	3	2,626	9	17	17	34	17
4.0	19	20	10	19	15	8	2,909	10	7	16	23	18
4.6	22	22	23	23	23	16	3,131	10	9	20	30	19
5.1	23	26	27	30	29	6	2,125	7	12	16	28	20
19.7	65	66	59	61	60	15	6,491	21	27	33	60	21
6.7	29	29	34	31	32	22	6,992	24	29	49	78	22
6.5	6	6	7	7	7	4	1,963	7	15	16	33	23
5.4	30	32	46	31	39	17	5,411	19	55	33	88	24
1.6	12	13	13	14	14	19	5,543	21	27	43	71	25
5.2	36	41	67	47	58	32	59,412	228	747	451	1,205	26
40.0	95	95	98	97	98	8	31,280	125	546	266	816	27
10.1	56	58	71	61	67	18	12,982	47	116	87	205	28
1.4	15	16	22	18	19	6	15,150	56	85	98	184	29
6.5	54	56	54	70	61	36	28,079	100	389	318	756	30
4.6	28	33	24	32	27	7	2,619	10	26	19	46	31
61.1	76	71	60	84	70	11	18,992	68	304	259	609	32
4.7	37	41	54	46	50	18	6,468	22	59	40	101	33
11.8	48	50	49	50	50	50	36,658	126	187	231	422	34
3.7	27	31	56	32	46	44	13,691	54	401	142	569	35
32.7	67	68	71	59	68	18	7,909	33	361	93	474	36
2.3	15	17	20	17	18	26	5,782	21	40	49	95	37
10.8	37	39	35	42	39	119	18,451	64	141	187	340	38
6.5	36	41	47	38	41	14	2,706	9	15	24	39	39
9.8	39	40	45	46	45	12	2,280	8	25	26	51	40
2.1	32	37	40	49	45	3	1,215	5	15	24	40	41
4.3	20	20	28	26	27	4	391	1	3	5	8	42
16.2	38	39	31	41	36	86	11,859	42	83	108	202	43
1.3	16	20	17	22	20	17	5,244	17	18	34	52	44
2.0	21	25	31	29	30	771	279,239	989	2,948	2,319	5,420	45

1. Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.







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