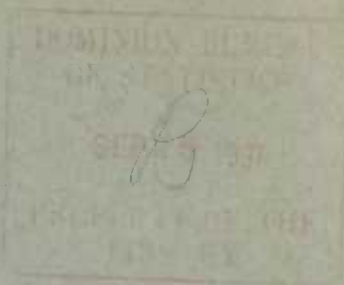


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CANADA
DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
INTERNAL TRADE BRANCH

BRITISH AND FOREIGN CAPITAL INVESTED IN CANADA
AND
CANADIAN CAPITAL INVESTED ABROAD
1926 - 1936

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BRITISH AND FOREIGN CAPITAL INVESTED IN CANADA AND CANADIAN
CAPITAL INVESTED ABROAD, 1926 - 1936

A revised statement of British and Foreign Capital invested in Canada and Canadian capital invested abroad has been issued by the Dominion Bureau of Statistics. The total estimated British and foreign investment in Canada at the end of 1936 amounted to \$6,833,700,000. Of this, the American investment was \$3,984,400,000, the British investment \$2,725,100,000 and the investment of other countries \$124,200,000.

Outside investments in the securities of Canadian governments were estimated to be \$1,688,700,000, of which \$524,200,000 was held in Great Britain and \$1,161,300,000 in the United States. Investment in railway securities amounted to \$1,637,000,000, of which \$1,068,300,000 represents British and \$548,800,000 American holdings.

All other investments, including investments in public utilities, manufacturing industries, mining, merchandising establishments, financial concerns and miscellaneous, amounted to \$3,508,000,000. In this group the United States investments were \$2,274,300,000, while the British share was \$1,132,600,000.

Canadian investments in other countries at the end of 1936 amounted to \$1,656,500,000. Of this amount \$987,200,000 was invested in the United States, \$47,800,000 in Great Britain, and \$621,500,000 in other countries.

Among Canadian investments in the United States the largest item, \$501,000,000, represented holdings of stocks and bonds of American governments, railroads, utilities, industrial concerns and other miscellaneous items. Direct investments in railways and branch and subsidiary plants accounted for \$270,000,000.

Investments in other countries include a miscellaneous item of \$383,000,000 which represents an estimate of Canadian holdings of foreign securities (other than those of the United States) such as the bonds of various South American, European and other governments. Direct investments, largely in the West Indies and Latin America, amount to \$173,000,000.

As a result of considerable research, new information has become available which permits of important changes in some of the estimates of capital investments published during past years. Of course it is not to be expected that figures pertaining to capital investment can ever be complete; the number of such investments is very large; their values are subject to constant fluctuation; there is also a continuous change of ownership going on; and, moreover, many transactions are made in such a way as to render precise statistical measurement extremely difficult and, indeed, in some cases impossible. Under the circumstances these estimates must be considered as indicating the magnitude of the figures involved rather than as a mathematically exact compilation of such investments. The additional information mentioned above, however, increases the accuracy of the estimates.

Compared with previous estimates the figures for British holdings of Canadian government and railway bonds has been reduced to allow for the repurchase by Canadians of sterling and optional payment bonds sold originally in London. Prior to 1914, Great Britain was the source from which most of the capital borrowed from abroad through the purchase of Canadian bond issues was secured. Many hundreds of millions of dollars of Canadian bond issues were floated in the London market and while some issues have been taken up in whole or in part in that market since 1914, London has been a minor source of capital funds, so far as Canadian borrowings are concerned, since that time. As a matter of fact, Canadians have repurchased considerable amounts of their own bonds sold originally in London. While there is always a certain amount of international traffic in such securities, there were two periods in which repurchases by Canadians were very heavy. The first period was during the years 1919 to 1924 when the pound sterling was depreciated in terms of the Canadian dollar and the other period was from 1931 to 1933 when the pound was again at a heavy discount. Since it was highly profitable in these periods for Canadians to purchase in the London market owing to the exchange differential, Canadian securities moved back to Canada in considerable volume. During the earlier period the extent of Canadian purchasing was so large that an attempt was made to stop the outflow of Canadian funds by means of a more or less official embargo, because the outward movement had some undesirable repercussions on internal financial conditions at the time. Information made available through the co-operation of financial institutions in London, England, has made possible an estimate of the extent of such repurchases. It is estimated that, of the bonds now outstanding which were originally sold in the London market, \$150,000,000 have been repurchased by Canadians. These repurchases diminish the estimates previously published of investments in Canada by Great Britain.

More accurate information concerning investments in Canadian mines indicates lower figures for British investments and, in later years, higher figures for American investments in the mining field.

Figures for investments by Great Britain and foreign countries in the miscellaneous group are considerably higher than in previous years due to the securing of information in certain fields not covered before.

It is probable that a small proportion of investments shown as held in Great Britain are held in other European countries. Thus the amount of investments shown under the heading "All Other Countries" is probably somewhat low and the British investments to the same extent too high.

An important change is the omission of an item previously included, viz., "Investments of Canadian Insurance Companies in Other Countries", from the table of Canadian Investments in Other Countries. The reason for this omission is the fact that these insurance investments, so-called, are not investments of quite the same character as the other items. The large assets in other countries held by Canadian insurance branches in those countries have against them, besides ordinary liabilities, the fiduciary interest of the policy holders. In fact when the prospective claims of policy holders are considered it appears that on balance there is a small net investment of these branches in Canada rather than a Canadian investment abroad. This is possible because the assets underlying the Reserve Fund need not all be held abroad. On the other hand, the fact that assets can be transferred between countries gives an importance to them as a factor in capital movements. On account of the ambiguity of this item it has not been included in the statement of Canadian investments abroad but the figures are set forth in the table which follows.

Net Assets^(x) of Canadian Insurance Companies Held Abroad,
December 31, 1926 - 1936
 (Millions of dollars)

<u>Year</u>	<u>All Countries</u>	<u>Great Britain</u>	<u>United States</u>	<u>All Other Countries</u>
1926	220.5	28.7	154.3	37.5
1927	253.6	32.9	177.5	43.2
1928	310.4	40.3	217.3	52.8
1929	386.5	50.2	270.5	65.8
1930	435.4	56.6	304.8	74.0
1931	477.4	62.1	334.1	81.2
1932	494.4	64.3	346.0	84.1
1933	467.2	60.7	327.1	79.4
1934	483.2	62.8	338.3	82.1
1935	532.8	69.3	373.0	90.5
1936 ^(xx)	603.0	79.0	416.0	108.0

(x) Assets minus liability other than reserve (i.e., net liability outside of Canada under assurance, annuity and supplementary contracts in force for payments not due, dependent on life, disability or any other contingency or on a certain term).

(xx) Estimated.

With regard to British and Foreign insurance investments in Canada, since there exist net assets over all liabilities including reserves against future claims of policy holders the residual amount is shown as a bona fide investment in Canada.

Estimated British and Foreign Capital Invested in Canada, Classified According to Main Types

(December 31, 1926 - 1936)

(Amounts are expressed in millions of dollars)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Government Securities --											
Dominion	632.0	628.1	618.6	571.6	675.0	627.4	680.3	741.9	749.4	807.3	806.3
Provincial	413.7	460.7	471.9	520.8	590.2	604.2	606.6	570.0	554.9	530.9	518.7
Municipal	372.7	393.3	393.3	400.3	429.5	437.2	406.6	392.4	389.4	379.6	363.7
	1,423.8	1,482.1	1,483.8	1,492.7	1,694.7	1,668.8	1,693.5	1,704.3	1,693.7	1,717.7	1,688.7
Public Utilities --											
Railways	1,573.4	1,602.5	1,636.0	1,771.0	1,835.1	1,896.3	1,874.2	1,859.2	1,825.6	1,683.0	1,637.0
Other - Traction, Light, Heat, Power, Telephone, etc.	466.3	515.8	562.1	620.0	660.8	698.5	736.1	751.9	766.7	780.0	770.0
Manufacturing --											
Wood and paper products ..	473.6	513.0	569.8	567.0	596.0	525.5	484.2	458.4	453.6	462.0	465.0
Metal industries	396.3	421.8	458.6	502.6	501.7	456.8	413.3	401.5	413.8	423.0	428.0
All other manufacturing industries	451.4	482.9	516.0	546.1	521.3	495.8	460.2	459.1	475.8	494.0	500.0
Mining	288.0	299.0	355.0	363.0	376.0	355.0	333.0	335.0	350.0	326.0	340.0
Merchandising and Service ..	235.4	241.8	250.4	255.8	251.5	237.5	225.8	219.4	222.0	226.8	225.0
Insurance	93.8	106.0	102.0	104.6	142.5	151.7	160.5	161.7	198.9	220.0	210.0
Finance and Mortgage Cor- porations	228.7	254.4	287.2	322.9	321.3	293.9	286.4	283.4	285.0	290.0	295.0
Miscellaneous (agricultural lands, summer homes, pros- pecting, assets adminis- tered for persons or cor- porations residing outside Canada, etc.)	260.0	265.0	278.0	290.0	295.0	288.0	287.0	280.0	280.0	275.0	275.0
GRAND TOTAL (Great Britain, United States and Other Countries)	5,890.7	6,184.3	6,498.9	6,835.7	7,195.9	7,067.8	6,954.2	6,913.9	6,965.1	6,897.5	6,833.7

Note: Figures for 1936 are preliminary.

Estimated British Capital Invested in Canada, Classified According to Main Types

(December 31, 1926 - 1936)

(Amounts are expressed in millions of dollars)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Government Securities --											
Dominion	250.1	246.2	242.0	238.5	234.5	229.2	222.3	291.4	323.3	318.8	318.8
Provincial	72.6	70.6	74.5	71.2	69.3	67.4	81.1	74.2	71.9	68.4	67.8
Municipal	187.0	185.2	185.3	185.8	182.1	172.7	150.8	143.9	147.5	139.4	137.6
	509.7	502.0	501.8	495.5	485.9	469.3	454.2	509.5	542.7	526.3	524.2
Public Utilities --											
Railways	1,111.5	1,096.6	1,074.7	1,097.6	1,096.9	1,100.1	1,092.9	1,088.5	1,078.2	1,073.9	1,068.3
Other - Traction, Light, Heat, Power, Telephone, etc.	111.9	123.8	134.9	148.8	158.6	167.6	176.7	180.5	184.0	187.2	184.8
Manufacturing --											
Wood and paper products	96.0	104.0	115.5	114.9	120.8	106.5	98.1	92.9	92.5	93.7	94.3
Metal industries	72.4	77.1	83.8	91.9	91.7	83.5	75.6	73.4	75.6	77.3	78.2
All other manufacturing industries	185.0	197.9	211.5	223.8	213.7	203.2	188.6	188.2	195.0	202.5	204.9
Mining	95.0	99.0	117.0	120.0	98.0	93.0	87.0	87.0	91.0	85.0	89.0
Merchandising and Service	77.0	79.1	81.9	83.7	82.3	77.7	73.9	71.8	72.6	74.2	73.6
Insurance	54.5	54.9	54.1	52.2	58.4	57.4	61.4	66.8	81.9	90.6	86.5
Finance and Mortgage Corpora- tions	139.8	143.9	157.4	169.8	188.7	163.8	158.3	155.8	156.0	158.6	161.3
Miscellaneous (agricultural lands, summer homes, pros- pecting, assets administered for persons or corporations residing outside Canada, etc.)	145.0	150.0	161.0	166.0	171.0	165.0	165.0	160.0	160.0	160.0	160.0
GRAND TOTAL	2,597.8	2,628.3	2,693.6	2,764.2	2,766.0	2,687.1	2,631.7	2,674.4	2,729.5	2,729.3	2,725.1

Note: Figures for 1936 are preliminary.

Estimated United States Capital Invested in Canada, Classified According to Main Types

(December 31, 1926 - 1936)

(Amounts are expressed in millions of dollars)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Government Securities --											
Dominion	381.9	381.9	376.6	333.1	440.5	398.2	458.0	450.5	426.1	488.5	487.5
Provincial	342.0	385.3	393.0	445.5	517.0	533.2	522.2	492.5	479.7	459.5	447.7
Municipal	185.1	208.1	208.0	214.5	247.4	264.5	255.8	248.5	241.9	240.2	226.1
	909.0	975.3	977.6	993.1	1,204.9	1,195.9	1,236.0	1,191.5	1,147.7	1,188.2	1,161.3
Public Utilities --											
Railways	438.8	485.2	539.4	649.0	713.6	771.1	757.0	747.2	726.4	589.2	548.8
Other - Traction, Light, Heat, Power, Telephone, etc.	349.7	386.8	421.6	465.0	495.6	523.9	552.0	563.9	575.0	535.1	577.6
Manufacturing --											
Wood and paper products	376.5	407.8	452.9	450.7	473.8	417.7	384.9	364.4	360.0	367.2	369.6
Metal industries	319.6	340.2	369.9	405.3	404.6	368.4	333.3	323.8	333.8	341.2	345.2
All other manufacturing industries	259.0	277.1	296.0	313.3	299.1	284.5	264.1	263.4	273.0	283.4	286.9
Mining	190.0	197.0	234.0	239.0	270.0	254.0	239.0	241.0	252.0	234.0	244.0
Merchandising and Service	154.0	158.2	163.8	167.3	164.5	155.4	147.7	143.5	145.2	148.4	147.2
Insurance	38.3	49.7	46.5	50.9	82.6	92.9	97.5	93.3	115.0	127.2	121.4
Finance and Mortgage Corpora- tions	41.3	61.5	75.9	98.9	95.7	97.7	94.8	93.2	94.0	95.7	97.4
Miscellaneous (agricultural lands, summer homes, pros- pecting, assets administered for persons or corporations residing outside Canada, etc.)	85.0	85.0	87.0	94.0	94.0	93.0	92.0	90.0	90.0	85.0	85.0
GRAND TOTAL	3,161.2	3,423.8	3,664.6	3,926.5	4,298.4	4,254.5	4,198.3	4,115.2	4,112.1	4,044.6	3,984.4

Note: Figures for 1936 are preliminary.

Estimated Capital of All Other Countries Invested in Canada, Classified According to Main Types

(December 31, 1926 - 1936)

(Amounts are expressed in millions of dollars)

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Government Securities --											
Dominion	-	-	-	-	-	-	-	-	-	-	-
Provincial	5.1	4.8	4.4	4.1	3.9	3.6	3.3	3.3	3.3	3.2	3.2
Municipal	-	-	-	-	-	-	-	-	-	-	-
Public Utilities --											
Railways	23.1	20.7	21.9	24.4	24.6	25.1	24.3	23.5	21.0	19.9	19.9
Other - Traction, Light, Heat, Power, Telephone, etc.	4.7	5.2	5.6	6.2	6.6	7.0	7.4	7.5	7.7	7.7	7.6
Manufacturing --											
Wood and paper products	1.1	1.2	1.4	1.4	1.4	1.3	1.2	1.1	1.1	1.1	1.1
Metal industries	4.3	4.5	4.9	5.4	5.4	4.9	4.4	4.3	4.4	4.5	4.6
All other manufacturing industries	7.4	7.9	8.5	9.0	8.5	8.1	7.5	7.5	7.8	8.1	8.2
Mining	3.0	3.0	4.0	4.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0
Merchandising and Service	4.4	4.5	4.7	4.8	4.7	4.4	4.2	4.1	4.2	4.2	4.2
Insurance	1.0	1.4	1.4	1.5	1.5	1.4	1.6	1.6	2.0	2.2	2.1
Finance and Mortgage Corpora- tions	47.6	49.0	53.9	54.2	36.9	32.4	33.3	34.4	35.0	35.7	36.3
Miscellaneous (agricultural lands, summer homes, pros- pecting, assets administered for persons or corporations residing outside Canada, etc.)	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
GRAND TOTAL	131.7	132.2	140.7	145.0	131.5	126.2	124.2	124.3	123.5	123.6	124.2

Note: Figures for 1936 are preliminary.

Estimated Canadian Investments Abroad, December 31, 1926 - 1936

(Amounts are expressed in millions of dollars)

	1926	1927	1928	1929	1930	1931
<u>ALL COUNTRIES</u>						
Canadian Government Credits	36.1	32.4	31.1	30.9	30.7	30.5
Estimated Net Assets of Canadian						
Banks Outside Canada	370.3	354.2	267.6	179.8	180.2	152.5
Foreign Securities Held in Canada by						
Canadian Insurance Companies	91.4	124.2	156.5	184.6	156.7	154.5
Direct Investments	397.0	401.5	412.0	423.5	443.0	445.0
Miscellaneous Investments	458.0	602.0	725.0	310.0	842.0	356.0
GRAND TOTAL	1,352.8	1,514.3	1,592.2	1,628.8	1,652.6	1,638.5
<u>GREAT BRITAIN</u>						
Canadian Government Credits	-	-	-	-	-	-
Estimated Net Assets of Canadian						
Banks Outside Canada	42.0	42.7	34.1	30.8	40.3	23.2
Foreign Securities Held in Canada by						
Canadian Insurance Companies	0.6	1.0	1.2	1.3	3.4	3.4
Direct Investments	7.0	7.5	8.0	8.5	14.0	14.0
Miscellaneous Investments	10.0	10.0	10.0	10.0	10.0	10.0
GRAND TOTAL	59.6	61.2	53.3	50.6	67.7	50.6
<u>UNITED STATES</u>						
Canadian Government Credits	-	-	-	-	-	-
Estimated Net Assets of Canadian						
Banks Outside Canada	262.4	246.2	183.3	91.8	90.2	77.3
Foreign Securities Held in Canada by						
Canadian Insurance Companies	70.6	95.4	120.4	142.0	123.9	123.5
Direct Investments	250.0	251.0	257.0	259.0	260.0	260.0
Miscellaneous Investments	195.0	278.0	357.0	437.0	459.0	468.0
GRAND TOTAL	778.0	870.6	917.7	929.8	933.1	928.8
<u>OTHER COUNTRIES</u>						
Canadian Government Credits	36.1	32.4	31.1	30.9	30.7	30.5
Estimated Net Assets of Canadian						
Banks Outside Canada	65.9	65.3	50.2	57.2	49.7	52.0
Foreign Securities Held in Canada by						
Canadian Insurance Companies	20.2	27.8	34.9	41.3	29.4	27.6
Direct Investments	140.0	143.0	147.0	156.0	169.0	171.0
Miscellaneous Investments	253.0	314.0	358.0	363.0	373.0	378.0
GRAND TOTAL	515.2	582.5	621.2	648.4	651.8	659.1

Estimated Canadian Investments Abroad, December 31, 1926 - 1936 (Continued) -
(Amounts are expressed in millions of dollars)

	1932	1933	1934	1935	1936
<u>ALL COUNTRIES</u>					
Canadian Government Credits	30.5	30.5	30.5	30.5	30.5
Estimated Net Assets of Canadian					
Banks Outside Canada	114.8	90.9	109.7	109.6	107.0
Foreign Securities Held in Canada by					
Canadian Insurance Companies	144.2	136.8	142.2	162.8	168.0 ^(x)
Direct Investments	446.0	447.0	443.0	453.0	457.0
Miscellaneous Investments	853.0	865.0	874.0	884.0	894.0
GRAND TOTAL	1,588.5	1,570.2	1,605.4	1,639.9	1,656.5
<u>GREAT BRITAIN</u>					
Canadian Government Credits	-	-	-	-	-
Estimated Net Assets of Canadian					
Banks Outside Canada	17.8	22.1	20.6	15.9	12.6
Foreign Securities Held in Canada by					
Canadian Insurance Companies	2.9	2.9	2.8	10.9	11.2 ^(x)
Direct Investments	14.0	14.0	14.0	14.0	14.0
Miscellaneous Investments	10.0	10.0	10.0	10.0	10.0
GRAND TOTAL	44.7	49.0	47.4	50.8	47.8
<u>UNITED STATES</u>					
Canadian Government Credits	-	-	-	-	-
Estimated Net Assets of Canadian					
Banks Outside Canada	69.4	38.5	62.6	82.3	86.0
Foreign Securities Held in Canada by					
Canadian Insurance Companies	116.7	112.2	119.5	126.1	130.2 ^(x)
Direct Investments	260.0	260.0	262.0	266.0	270.0
Miscellaneous Investments	460.0	465.0	477.0	489.0	501.0
GRAND TOTAL	906.1	875.7	921.1	963.4	987.2
<u>OTHER COUNTRIES</u>					
Canadian Government Credits	30.5	30.5	30.5	30.5	30.5
Estimated Net Assets of Canadian					
Banks Outside Canada	27.6	30.3	26.5	11.4	8.4
Foreign Securities Held in Canada by					
Canadian Insurance Companies	24.6	21.7	19.9	25.8	26.6 ^(x)
Direct Investments	172.0	173.0	173.0	173.0	173.0
Miscellaneous Investments	383.0	390.0	387.0	385.0	383.0
GRAND TOTAL	637.7	645.5	636.9	625.7	621.5

(x) Preliminary.

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