

in 1926 to \$1,757,900,000 in 1937. The principal growth was in Canadian portfolio holdings of United States securities although considerable amounts of the securities of Latin American and European governments were also acquired in the earlier part of the period. The increase in the holdings of these miscellaneous investments in other countries has been greater than the increase in total Canadian investments abroad, as there has been a very marked reduction in the net assets of the Canadian banks in other countries during this period.

For 1937, Canadian capital in other countries is estimated at \$1,757,900,000. The largest part of this, about \$1,097,600,000, was invested in the United States and was principally in the form of direct investments in railways and branch and subsidiary plants and in portfolio investments in the stocks and bonds of United States governments and corporations. Investments in other countries include a miscellaneous item of \$382,000,000 representing an estimate of Canadian holdings of other foreign securities such as the bonds of Latin American and European governments. Direct investments in other countries, largely in the British West Indies and Latin America, amounted to \$169,600,000.

Of further interest, in considering the relative importance of Canada's international indebtedness in the nation's economic life, is the place Canadian capital occupies in the total amount of capital invested in Canada. It is estimated that the amount of capital invested in Canada is about \$18,000,000,000. This sum includes the bonded indebtedness of Dominion, provincial, and municipal governments, investments in railways, all manufacturing concerns, mines and metal industries, public utilities, trading establishments, finance, insurance, land, and mortgages. It does not include private capital in domestic enterprises such as farms, homes, etc. Of this sum, it is estimated that 62 p.c., or over \$11,000,000,000, is owned in Canada; about 22 p.c., or \$3,932,400,000, in the United States; 15 p.c., or \$2,684,800,000, in the United Kingdom; and less than 1 p.c., or \$147,800,000, in other countries.

Investments of Canadian Insurance Companies Operating Abroad.—An important change in the revised figures shown in Tables 43 to 46 is the omission of an item previously included, *viz.*, "Investments of Canadian Insurance Companies Operating in Other Countries" 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 policyholders. In fact when the prospective claims of policyholders 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 funds 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. Again, British and foreign securities held by Canadian companies in Canada have already been included as Canadian investments abroad. On account of the ambiguity of this item and the fact that it has already been included in another form, it has not been repeated in the tables.

With regard to British and foreign insurance investments in Canada, since there exist net assets in Canada over all liabilities including reserves against future claims of Canadian policyholders the residual amount is shown as a bona fide investment in Canada in Tables 43 and 45.