

freights, tourist traffic, etc., in our international transactions; (4) to explain exchange disturbances and the effect of international financial difficulties; and (5) to furnish data for guidance in the formulation of international fiscal, financial, and commercial policy.

As already stated, from 1923 to 1928 we had on balance an export of capital to our credit, though at the same time other countries, particularly the United States, continued to invest large sums in the Dominion. In contrast to this there were debit balances in 1929 and 1930, considering both visible and invisible items of \$107,000,000 and \$195,000,000, respectively, while in 1931 the balance was favourable by only a little over \$2,000,000. In the light of all available information, it appears that these balances in 1929 and 1930 represented a net movement of capital into Canada for investment. In each year from 1931 to 1935, a net outward movement of capital funds is indicated again. In these latter years, however, the outward movement of capital funds appears to have been in the main not for investment but for the purpose of retiring maturing issues and for repurchases. The credit balances from 1932 to 1936, respectively, were approximately \$27,000,000; \$55,000,000; \$81,000,000; \$169,000,000; and \$318,000,000.

**Capital Movements in 1936.**—The international trade in outstanding securities between Canada and other countries totalled \$818 million. This total trade was divided almost equally between sales and purchases. The sales of securities to investors in other countries were \$410.5 million, while purchases of securities abroad by residents of Canada were \$408.0 million. Most of these security transactions were between Canada and the United States, although transactions with Great Britain were a substantial part of the trade. Canadian purchases from the United States exceeded sales, whereas in the trade with Great Britain purchases by Canadians were exceeded by sales. Although most of these dealings were in Canadian securities, the volume of transactions in other securities was large, particularly in United States common and preference stocks.

In addition to this international trade in outstanding securities, there was the important retirement of \$255 million Canadian bonds and debentures held abroad. Part of these were refinanced at prevailing low interest rates by the receipt of \$110 million from the sale of new issues of Canadian bonds and debentures mostly in the United States. Besides these, there were sales of new issues of securities in the United States for the purpose of developing the operations of Canadian companies in the United States which have not been included in these totals.

These retirements effected a reduction of the indebtedness principally to the United States, of some Canadian governments and corporations. Refinancing of part of the retired issues by securities at lower interest rates will also reduce future annual service payments on Canada's foreign-owned bonded debt. This reduction in future payments of interest abroad constitutes a most important long-run consequence of the capital operations during 1936.

Table 24 shows the preliminary estimates of the balance of international payments for 1935 and 1936. Figures for 1920-26 were given at pp. 601-602 of the 1929 Year Book, although these have since been somewhat revised in later estimates. Figures for 1927-28 will be found at p. 501 of the 1932 Year Book, those for 1929-32 at p. 601 of the 1933 Year Book, those for 1933 at p. 639 of the 1934-35 Year Book, and those for 1934 at p. 605 of the 1936 Year Book.