

Canada. All the foreign securities owned, however, are not held outside of Canada. At the end of 1936, the foreign securities held in Canada were valued at \$175,000,000. These are shown in the statement of Canadian investments abroad because of their origin, although the interest and dividends received from them may not always be remitted to Canada. There is a large turnover in foreign securities resulting from the operations of Canadian life insurance companies, but since the bulk of the transactions are executed abroad, through the agency of the branch offices of the insurance companies abroad, the financial transactions connected with many are entirely external to Canada and do not affect the Canadian balance of payments.

Because of the various factors at work influencing the valuation of investments and the disposition of surplus income abroad, it has been found necessary to obtain records of movements of funds especially for the balance of payments statement. Such information has been collected by the Bureau of Statistics on two schedules, one for Canadian companies and another for British and foreign companies with branches or agencies in Canada. The schedule for the Canadian companies is in three sections that call, respectively, for the following information: (1) movements of funds between insurance companies and their branches, agencies, bank accounts, and shareholders abroad; (2) movements of funds between Canadian insurance companies and other companies, policyholders, or individuals outside of Canada not included in (1); and (3) transactions that must be taken account of as debits in the Canadian balance of payments to cover situations arising when interest or principal on certain Canadian bonds is collected in sterling or United States dollars and not remitted to Canada. The schedule sent to the British and foreign companies operating in Canada is divided into two sections as follows: (1) movements of funds between branch or agency in Canada and head office or other offices outside of Canada; (2) movements of funds between branch or agency in Canada and other companies, policyholders, or individuals outside of Canada not included in (1). The companies whose movements of funds have been recorded are limited to those registered with the Dominion Department of Insurance. However, such companies account for the bulk of the insurance business in Canada.

The movements of funds between Canada and other countries, by groups of companies and the movements of such funds by classes of companies are shown in the tables at p. 954. Movements of funds in connection with international purchases or sales of securities that have been executed through the medium of brokers, investment dealers, or other agencies resident in Canada are not included, since they are taken account of in the record of international trade in securities.

The figures shown demonstrate how unpredictable, in the main, these transactions are. There has been no consistent trend or total net movement that may be considered typical, although in the case of Canadian companies in Table 26 the net inward movement is emphasized as compared with the net outward movement for foreign companies. However, although there have been some abrupt changes in direction from one year to another, it appears that a definite movement in one direction is usually maintained for several years. This suggests that the basic factors underlying the movements of funds may be subject to changes that require some time to develop.