

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, \$40,900,000 in the United Kingdom, and \$619,400,000 in other countries.

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 about 62 p.c. is owned in Canada; 22 p.c. in the United States; 15 p.c. in the United Kingdom; and less than 1 p.c. in other countries.

Estimates of British and foreign investments in Canada and of Canadian investments abroad for the years 1926 and 1929 to 1937 are given at p. 930 of the 1939 Year Book and statistics of international investments as at Dec. 31, 1937, at p. 881 of the 1940 edition.

Investments of Canadian Insurance Companies Operating Abroad.—Insurance investments, so-called, are not investments of quite the same character as the other items. The large assets held by Canadian insurance company branches in other 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.

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.