

Provincial Distribution of Income Payments.—Variations in the distribution of the national income among the provinces are due to: (1) long-term factors, such as the proximity of resources, markets and transportation facilities, and the advantages gained by priority of settlement and development; and (2) short-term influences bound up with the diversity and adaptability of economic activity. Fluctuations tend to be extensive in an area dominated by a very few industrial groups. During the twenty years under review, nearly 63 p.c. of the total income payments was received by the residents of Ontario and Quebec, which together had about 62 p.c. of the population in 1941. Owing to the diversity of economic activities in these provinces, fluctuations in income were less extreme than elsewhere, particularly in the Prairie Provinces.

Despite the severe economic depression of the '30's, income payments received in Quebec and Ontario averaged slightly higher in the decade 1929 to 1938 than in the period from 1919 to 1928, inclusive. The decline in the Prairie Provinces, especially in Saskatchewan, was of considerable proportions. Minor recessions ranging from 1.6 p.c. to 5.2 p.c. each, were recorded in the Maritime Provinces and in British Columbia.

44.—Income Payments, by Provinces, 1937 and 1938, with Averages 1919-28 and 1929-38

Province	1937	1938	Average, 1919-28	Average, 1929-38	Percentage Change
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	p.c.
Prince Edward Island.....	22.5	23.1	23.1	22.4	- 2.9
Nova Scotia.....	159.7	163.1	157.8	149.5	- 5.2
New Brunswick.....	121.2	121.4	114.6	112.2	- 2.0
Quebec.....	1,052.5	1,053.2	917.7	961.1	+ 4.7
Ontario.....	1,721.8	1,733.4	1,564.3	1,591.8	+ 1.8
Manitoba.....	257.1	261.3	299.3	253.9	-15.2
Saskatchewan.....	240.1	248.1	339.7	250.3	-26.3
Alberta.....	257.3	268.3	303.3	258.9	-14.6
British Columbia.....	368.0	372.7	344.2	338.7	- 1.6

Subsection 3.—British and Foreign Capital Invested in Canada and Canadian Capital Invested Abroad*

Very marked changes have taken place in Canada's international indebtedness during the present century. The industrial expansion in Canada in the years preceding the First World War was related closely to the heavy inflow of capital from Great Britain. In 1914 the value of United Kingdom investments in Canada was not much different from the value shown for recent years, although slightly higher than in 1926. The rapid growth of United States investments in Canada took place after 1914. Part of this increase in the investments of the United States in Canada came after 1926 and there was a change in these investments between 1926 and 1930 of from \$3,161,200,000 to \$4,298,400,000. This influx of capital followed two contrasting channels. A large part of the capital was raised through the sale of new issues at New York but the capital coming to Canada through the channel of direct investment was also especially heavy and this capital invested directly in Canada has given to such United States investments a particular character.

* Revised by Herbert Marshall, B.A., F.S.S., Chief, Internal Trade Branch, Dominion Bureau of Statistics, Ottawa. This subject is treated more fully in the bulletins "British and Foreign Capital Invested in Canada and Canadian Capital Invested Abroad, 1926-36", "Canadian Balance of International Payments—A Study of Methods and Results" and recent reports on direct investments, obtainable from the Dominion Statistician. For a list of the publications of this Branch, see Chapter XXVIII.