

Canadian Investments Abroad, 1939.—Canadian direct and portfolio investments abroad totalled \$1,340,000,000 in 1939, \$898,000,000 of which represented investments in the United States, \$74,000,000 in the United Kingdom, \$76,000,000 in other Empire countries, and \$292,000,000 in other foreign countries. These figures exclude the investments abroad of Canadian insurance companies and banks and official assets such as cash balances, gold and intergovernmental credits. The external assets of the insurance companies and banks must be considered in relation to the external liabilities of these concerns arising from their business outside of Canada. Canadian holdings of gold and United States dollars, both official and private, had a value at the end of 1939 of \$404,200,000 in terms of United States dollars.

Direct investments, amounting to \$621,000,000, made up almost half of the total Canadian investments abroad. The largest part of these, \$397,000,000, was in the United States and \$139,000,000 was in other foreign countries. Portfolio investments in foreign securities valued at \$719,000,000 were divided between \$511,000,000 of stocks and \$208,000,000 of bonds.

3.—Estimated Canadian Investments Abroad, as at Dec. 31, 1939

NOTE.—Excluding investments of insurance companies, banks and government credits. Holdings of stocks are at book values as shown in the books of issuing companies; holdings of bonds are shown at par values. Foreign currencies were converted into Canadian dollars at current market values.

Location of Investment	Direct Investments \$'000,000	Portfolio Investments			Total Investment \$'000,000
		Stocks \$'000,000	Bonds \$'000,000	Total \$'000,000	
United States.....	397	380	121	501	898
United Kingdom.....	31	22	21	43	74
Other Empire countries.....	54	7	15	22	76
Other foreign countries.....	139	102	51	153	292
Totals.....	621	511	208	719	1,340

PART II.—NATIONAL ACCOUNTS—CANADA'S NATIONAL INCOME AND EXPENDITURE*

This Part presents new estimates of the principal national accounts: these supersede the series on national income previously published in the Year Book. National accounts are as broad as the economy itself: they comprise income and expenditure for the entire country, including individuals and private corporations as well as governments and are, therefore, more comprehensive in scope than the public finance statistics of Part III which are limited to the financial transactions of the Dominion, Provincial and Municipal Governments.

In recent years there has been increasing realization that national accounts are essential tools in the formulation of economic policy. Problems involved in the planning of a maximum war effort have emphasized the need of knowledge of the size and structure of the national income; of the relation of net national income to gross national product; of the distribution of national expenditure as between different sectors of the economy, as between consumption and investment, and as between

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