

during the year, but the indebtedness of overseas governments to Canada increased substantially by a net amount of \$454,000,000. Accordingly, Canada's net investment position with overseas countries improved while Canada's net indebtedness with respect to the United States dollar area increased. But some of the decline in liquid reserves accompanied redemptions of Canadian securities owned in the United States, and there was the gold subscription of \$74,000,000 to the International Monetary Fund.

British and Foreign Investments in Canada.—At the end of 1946 the total value of British and foreign investments in Canada was estimated at \$7,193,000,000. Investments held in the United Kingdom at that date had a book value of about \$1,688,000,000, a figure which includes British owned investments and also some investments held in the United Kingdom by nominees for residents of other countries. The book value of investments held in the United States at the same time was \$5,152,000,000. While generally indicative of American ownership, this total also includes an indeterminable amount of securities held in the United States by nominees for residents of other countries. The remaining amount of external capital invested in Canada, \$353,000,000, was owned in other overseas countries. The total investments in Canada owned in these other overseas countries would include therefore the \$353,000,000 plus the indeterminable amounts included in the British and United States total shown above.

A smaller proportion of the external investments in Canada at the end of 1946 was represented by holdings of Canadian bonds and debentures than was the case at the beginning of the recent War. Around 42 p.c. of total investments of external capital in Canada was in the form of bonds and debentures at the end of 1946 compared with about 56 p.c. in 1939. The proportionate decline was even greater in the case of British investments in Canada because of the official repatriations of Dominion and Canadian National Railway bonds. There was also a decline in the percentage of United States capital invested in bonds although actual holdings of bonds in the United States increased during this period. The proportion of total Canadian bonds outstanding which were held abroad was much less in 1946 than in 1939 because of the extent of the wartime financing of the Canadian Government through sales of bonds in Canada. Canadian bonds held in the United States made up about 21 p.c. of the total of almost \$10,000,000,000 of outstanding Canadian issues at the end of 1939, whereas, by the end of 1946, the United States holdings amounted to about 11 p.c. of the more than \$21,000,000,000 of Canadian bonds then outstanding.

Although there has been a substantial increase in the value of non-resident investments in Canadian businesses during the period since 1939 there have also been substantial expansions financed by Canadian capital. In 1939, non-resident ownership of Canadian manufacturing enterprises amounted to about 42 p.c. of the total capital invested. In the broader field of Canadian business—including mining, merchandising establishments, and railways and public utilities, as well as manufacturing, but excluding investments in agriculture and non-industrial real estate generally—the non-resident ownership was somewhat less, amounting to about 38 p.c. of the estimated capital employed. Comparable statistics on total capital employed in all forms of Canadian businesses are not available for the post-war period. But available data covering most investments in the manufacturing industry point to the non-resident proportion being somewhat less than the 42 p.c. which it represented in 1939.