

APPENDIX A.

DOMINION BUREAU OF STATISTICS

Ottawa, Sept. 27, 1927.

Henry T. Ross, Esq. K. C.,
Secretary,
The Canadian Bankers' Association,
Montreal.

Dear Mr. Ross:

I must apologize for my long delay in answering yours of September 1st with Dr. Condliffe's enclosure.

The general subject, namely, the international movement of capital, is one to which I have given a good deal of attention, as we regard it of great importance to the understanding of current conditions in Canada. While we have not published much in the Bureau, we have assembled a considerable mass of data relating to Canada.

Our general starting point has been the examination of the "invisible" items of the trade balance, of which capital imports and exports are among the most important. It would be difficult to describe in a letter just what we have in hand, but I hope we may be able before the end of the year to give a general summary of results that will prove interesting. It will cover the post-war period, but more particularly the last five years.

The importance of the subject and the necessity for obtaining accurate information regarding it is, in my opinion, in nowise exaggerated by Dr. Condliffe. He is also, I think, right in considering that a study of this kind must be on an almost world-wide basis to be successful. In other words, certain features of significance, say, to Canada can best be ascertained by investigations made in the United States, and vice versa.

The subject of capital importations is of particular importance to Canada in view of the "newness" of generally undeveloped character of the country. Any considerable import of capital is at once felt over a wide area and throughout the ramifications of our economic and business life. The great boom of 1904-12 was simply the outcome of an importation of about \$3 billions of capital, which in turn was the parent scores of phenomena attributed at the time to many causes other than the true one. At the present moment there would seem little doubt that a good deal of the improved tone in Canadian business is due to the resumption of capital importations. Significantly our so-called "favourable" trade balance has decreased by nearly \$200 millions, which in my humble judgment is a very promising sign for good times ahead - if the decrease will only continue.