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CANADA'S BALANCE OF INTERNATIONAL PAYMENTS

THE RECORD OF THE LAST THREE YEARS

Canada, like other new countries, has in large measure been developed with capital borrowed in older countries, particularly in the United Kingdom and the United States. This capital was very largely borrowed during the era of our most rapid development between 1900 and 1914, and again in the nineteen-twenties. The external indebtedness of Canada reached its recorded maximum about the end of 1930, but in the prosperous nineteen-twenties Canadians had themselves invested very large sums of money outside of Canada. At the end of 1930 our aggregate^{external} indebtedness was estimated at about \$7,200,000,000, as against external credits of about \$1,650,000,000.

Indebtedness, as business men know, has always had its dangers. A falling off in one's individual business may make it difficult to meet the interest payments or pay off the loans when they fall due. And similarly, the great depression and the catastrophic decline in world trade and prices between 1930 and 1933 made it increasingly difficult for Canada to meet her heavy annual payments due outside the country for interest and dividends, as well as to pay off or re-finance her loans at maturity. The last

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