

into Canada. Since the war some 36 per cent of our direct foreign investment has been in Canada, and some 85 per cent of direct foreign investment in Canada has been from you.

At the end of 1954 total foreign long-term investment in Canada amounted to nearly twelve and a half billion dollars of which over three-quarters was owned in the United States. This large volume of United States investment has been an important factor in Canada's economic expansion and a major support to our balance of international payments. It has enabled Canadians to buy more abroad than they have currently earned. Incidentally, it has been responsible in some measure for keeping our currency at a premium in New York; which some Canadians have regarded as a blessing not unmixed, since it has tended to inhibit our exports and, by stimulating imports, made life more difficult for some of our domestic producers.

Why have you Americans invested so heavily in Canada's future? It seems to me that there are several reasons - you have had savings to spare; in many cases you have badly needed what we have been able to provide - and, I might observe in passing, the tax situation has not been without advantage. You also chose Canada, I think, because in a general way you liked what you saw next door and had confidence in the essential stability and integrity of our people.

A high proportion of recent U.S. investment in Canada has been in the extractive industries. Perhaps the most striking example of this is in the development of the youthful petroleum industry of our Prairie Provinces. At the end of 1953 the value of non-resident investment in this industry had risen to well over \$1 billion; and of this no less than 96 per cent represented the United States share. The petroleum industry which is nearly 60 per cent owned by non-residents is, of course, rather special and is not representative of the relative significance of foreign and domestic investment in Canadian expansion as a whole. Indeed, if one takes into account Canada's own foreign investment it can be said that, since the war, our national savings have been sufficient to finance all but a small part of net capital formation in Canada during that period of large expansion.

We have welcomed and continue to welcome the confidence in our country to which your heavy investment bears eloquent witness. This is not to say, however, that the large and growing American stake in our economy is a matter of indifference to Canadians. You will be aware that, in many instances direct investment, as a natural consequence, has involved American ownership or control of Canadian companies. You may not know of the extent to which this has occurred. For example, I am told that at the end of 1952, about a quarter of Canadian manufacturing, mining, smelting and petroleum exploration and development industries and Canadian railways and other utilities, taken together, was owned in the United States. I have no reason to believe that today's figures would show this situation to have shifted substantially to the Canadian side.

I draw attention to this aspect of your interest in Canada because it is a feature of your investment which is, perhaps, insufficiently appreciated in this country. And now that we in Canada are engaged in a serious reappraisal of our national future, the implications of this phenomenon