affecting the Canadian economy. It is not, therefore, something which is susceptible to restriction or control by the Government, short of the complete and direct kind of control which was applied in wartime. The exchange value of the Canadian dollar would certainly be much lower than it is today if external investors lost confidence in the future of the economy, or if Canada were thought to be on the road to inflation, or if our exports were to lose ground in competing for markets abroad, of if our domestic manufacturers became unable to meet the normal competition of imports. I hope the Canadian dollar will never lose any of its exchange value for these reasons.

Foreign Capital Investment

Foreign capital investment in Canada is, as I have indicated, responsible for the existing high premium on the Canadian dollar. It also gives some Canadians concern over the extent of foreign ownership and control of Canadian resources and industry or, alternatively, the extent of Canadian indebtedness to foreign countries.

Capital inflow into Canada in 1959 has undoubtedly again exceeded $1 billion, and 80 per cent of it came from the United States.

Beyond question the rapid development of our resources has been greatly aided by investment of capital from abroad. Until Canada generates far more capital than at present it will continue to need capital from abroad, unless we were prepared to be content with a much slower rate of development of our resources. The Canadian Government will continue to maintain a climate hospitable to investment of capital from abroad.

Most countries of the world today are suffering from a shortage of capital. Canada has always been an importer of capital. It is by far the largest importer of capital in all the world. Our Canadian economy has been absorbing capital on a scale rarely matched in the world's history. Gross public and private investment has been maintained at 26 per cent of Gross National Product, compared with approximately 18 per cent in the United States. Canadian domestic saving, including provision for depreciation, has been running at over 20 per cent of Gross National Product. This saving rate is higher than that in the United States and many other countries. If the Canadian economy is to continue to absorb capital on the same scale we must have either a still higher rate of domestic saving or a continued high rate of importation of capital.

Home-made Capital Needed

It therefore behoves us to endeavour to the utmost of our power to generate capital within Canada. That means that we shall need more saving by Canadians and the marshalling of their savings into capital and the wise investment thereof in Canada. The policies of government will continue to be designed to encourage the creation of more Canadian capital as the key to some of our most pressing national problems.