indices; we are reassured when economic expansion is under way and we share your concern whenever production falters. Often we wish Americans were as interested in Canada as Canadians are in the United States. As I have already mentioned, the flow of dollars across our common boundary for goods and services is by no means equal. Last year 18 million Canadians bought $660 million more worth of goods from the United States than your 180 million people bought from us. On a per capita basis, this difference is even more striking. Per capita, we Canadians imported about $205 of your commodities; you imported from us only about $17 in Canadian goods per capita. Likewise, Canadian tourists travel in greater numbers in the United States than do American tourists in Canada, with our excess expenditures now amounting to about $100 million per annum. And, of course, the net outward flow of funds from Canada to the United States to meet interest and dividend payments on United States investment is drawing close to $500 million a year, and is still growing.

Annual Deficit

Canada's total annual deficit with the United States for all these current account items taken together in each of the last four years has run between $1 billion and $1.5 billion. Since our total trade in goods and services with all other countries combined is roughly in balance, this is about the same as Canada's total net deficit. If we translate such figures into terms appropriate to the United States, with a population ten times ours, and a volume of production 14 times as great, it is as if the United States had a deficit in its international accounts for goods and services of somewhere between $10 billion and $20 billion. I suspect that if you had a deficit of this magnitude, instead of the present $3 billion figure, it would be treated as a matter of really serious concern, even if the deficit were matched, as is the case in Canada, by a corresponding inflow of external capital. But I shall return to this subject of the balance of payments and foreign investments later.

Anyone who studies the present economic situation in our two countries would be impressed by the similarities that are revealed. In both countries we have seen a slowing-down in the rate of economic growth during 1960 and an unusually high volume of unemployment. On the other hand, in both countries the economy is operating at a very high rate of activity. In both countries business inventories in 1960 appeared to be excessive and had to be reduced. In both countries the volume of new capital investment, while it was maintained at a very high level, nevertheless fell below expectations. The heavy investment programmes of the last decade have led to the appearance of a certain amount of surplus industrial capacity. It would seem that both economies have been influenced by similar casual factors.