sistant Secretary of State for European Affairs (among others), U.S. ownership of Canada has grown by the greatest amount ever since the Foreign Investment Review Act was introduced in Parliament. In the "silly comments" class, Porter joined many prominent Canadians when he referred to the supposedly heavy *per capita* Canadian investment in the U.S. (see Page 34 of the November-December issue of *International Perspectives*). The Stanford Research Institute, as part of their Long-Range Planning Service, last year produced a private document entitled *Foreign Direct Investment in the U.S.* At the end of 1973 all foreign direct investment in the U.S. totalled only $17,751 million, of which $4,003 million came from Canada. But only about $2.6 billion of this was really Canadian investment, the balance being mostly American capital reinvested back into the U.S.

Canadian investment in United States

Based on either GNP or population, were the U.S. to have as much foreign ownership as Canada (over $70 billion book value in 1975) foreign direct investment in the U.S. would have to be about $700 billion to be equivalent. Instead, in 1975 it was only about $20 billion, or less than 3 per cent of the equivalent amount! In turn the Canadian share of the 3 per cent was less than one-quarter. Porter and others contribute nothing but obfuscation when they make such foolish comparisons. *Barron's*, the U.S. financial weekly, put it rather nicely:

> It is difficult to imagine a legitimate business venture which would be impeded by the Foreign Investment Review Act... the only U.S. business which wouldn't be cordially welcomed to Canada is Murder Inc.

In 1974, Canada had an all-time record current-account deficit of over $1.6 billion. In 1975, that record deficit increased by some 320 per cent to $5.1 billion. The year 1976 will be almost as bad. Conventional wisdom has it that we had such a bad year because of the down-turn in the world and U.S. economies. This is a bit hard to explain though, when one considers that the value of our exports actually increased by 2 per cent. It is even harder to explain when one considers that in 1975, while Canada had its largest-ever merchandise trade deficit, at the same time the U.S. was enjoying its largest-ever trade surplus, over $11 billion.

Canada simply must curtail imports from the U.S., and curtail them sharply. There is no alternative. However, there is a bit of a problem. Over 60 per cent of the "Canadian" manufacuring industry, which would have to make up for at least some of the decreased imports, is foreign owned and controlled, mostly in the form of American branch plants, and most rely very heavily on parts and components they import from head office or their foreign affiliates. Is it any wonder then that, as American ownership of our manufacturing has grown, the "Canadian" manufacturing industry has become less competitive? During the past ten years Canada's export deficit in manufactured goods has increased in every major category of finished products. For the decade of the Seventies our growth-rate of national productivity will probably be lower than that of any other industrialized country in the world. Greece and Ireland apparently employ a smaller percentage of their work forces in manufacturing, but no other "Western" nation does.

Leading importer

Canadians are by far the world's leading importers of manufactured goods, importing twice as much as the average European and four times as much as the average American. Good old Canada — relying, as it does, so heavily on the supposedly indispensable imported foreign technology — is now last in the world among "developed" nations in its net trading deficits in such categories as electronic components, machine tools and plastics. (Surely only in Canada could such facts and the "Canadian" manufacturing industry's 22-per-cent-behind-the-U.S. productivity lag be ignored by a government-appointed organization such as the Economic Council of Canada.)

So, there it is. We must curtail imports from the U.S., but it will be very difficult. I am not suggesting higher tariffs but rather measures to increase domestic efficiency and to decrease artificial and/or excessive dependency on imports. We must cut back on future foreign direct investment, but instead we are doing precisely the opposite.

This brings me to the second basic problem. But first, let me sum up the economic results for 1975 for the country that has more foreign ownership than all of Western Europe combined. In 1975 Canada had:

- its highest annual average unemployment since the Depression;
- its largest-ever current account deficit by far;
- its record outflow of interest payments, dividends and "service charges";
- its largest-ever merchandise trade deficit;
- its largest-ever deficit in manufactured goods;
- its poorest GNP growth-performance since 1954.