From time to time, problems are created for us in Canada by this heavy flow of capital from the United States. Nevertheless, we welcome it, because we realize that without it our economic development would have to progress at a slower rate. On the other hand, we do not consider that such capital movements can ever be a satisfactory substitute for a stable trade balance. Last year, Canada had a trade deficit with the United States of approximately $750 millions and an overall deficit on current account of approximately $440 millions. The deficit was covered by capital inflow. That method of balancing our international accounts is, however, less satisfactory than a balance produced by our export trade. Inevitably a balance dependent on capital movements leaves some residue of worry in Canadian minds about what our position would be if the inflow were to dwindle or dry up.

Much has been written recently about the necessity, as United States foreign aid comes to an end, for underdeveloped countries or countries in the process of development to create a domestic climate that will attract foreign, and principally American, investment. Less has been said about the corollary that overseas countries will be reluctant to welcome dollar investment unless they can see a fair prospect of untimately earning an increased volume of dollars from the United States. That consideration is all the more pertinent at a time when United States receipts in the form of interest, dividends and other private investment returns substantially exceed new investments being placed abroad. Last year, for example, returns of all kinds on United States private investment abroad exceeded by approximately a billion dollars the fresh outflow of private capital during the same period.

We in Canada have managed to keep our domestic economy in trim, as the heavy flow of United States funds, I think, bears witness. As a result, we are, no doubt, in a better position than many other countries to urge that a readier acceptance by the United States of foreign imports must go hand in hand with dollar investment abroad. There is such a wide demand for the basic commodities we produce in Canada that we can be confident that - in the long run - they can be marketed, and on satisfactory terms. That is not true, however, of many another country. And even we in Canada cannot afford to slacken for a moment our vigilant concern over our export prospects. Foreign trade is the very lifeblood of our national economy and our national well-being, accounting as it does for more than 20 per cent of our total production.

Nor can those who have an interest in investment in Canada be indifferent, I suggest, to Canadian trade. The vast bulk of the direct United States investment in Canada is being channeled to our resource industries. It is going to develop our oilfields and our deposits of iron ore and to increase our production of non-ferrous metals. I need hardly point out that all these commodities enter very substantially into our foreign trade. And some of these