in Canada has more than doubled, growing by rather more than it grew over the entire previous period of recorded economic history, if we ignore changes in the purchasing power of the dollar. Now I am not implying for one minute that these magnitudes in themselves constitute a problem for Canada. The governmental and corporate bodies have had no difficulty in meeting their interest and capital-repayment obligations and the outward flow of corporation dividends has steadily increased. With the growth of production and incomes in Canada, the ratio of foreign indebtedness to national income is much smaller than it has been in most earlier periods. So long as this condition continues, and so long as our ability to earn external revenues from trade continues to grow, there should be no difficulty on this score, or in terms of the so-called transfer problem.

Moreover, we all know full well that Canada could not have achieved the rapid and broadly-based expansion of our productive facilities without these foreign investments. We fully recognize the great benefits which the economy has derived by reason of the new manufacturing and industrial techniques which have been introduced, and of the natural resources which have been developed. Foreign capital has developed many new enterprises which were too large or unfamiliar for Canadian savings and enterprise to handle. Many of the investments in new plant or in mining or oil properties involved too big a financial risk or too long a waiting period for Canadian finance to carry without outside assistance.

I should mention, however, that there are a few facts associated with external investment which do give us concern. The first arises from the implications of external ownership in some of our industries. Although these adverse consequences may seem rather small when set against the advantages the economy derives from the investment in question, this nevertheless does not mean that they can be ignored.

Canadian Saving and Investment

The second fact is that Canada is now in a position in which it is able to meet a larger proportion of its capital requirements from its own savings and where it is desirable that everything within reason should be done to encourage a greater degree of Canadian saving and investment in Canadian industry. Related to this is our concern to avoid such foreign borrowing as may be in excess of our real requirements, as happens from time to time. Such excess borrowing, by reason of its effect on the exchange rate, can have adverse consequences for production and employment.

So far as the first point is concerned, foreign investment brings a growing degree of external control over many important Canadian industries. In earlier periods this may have been inevitable, but with the growth in our ability to save and invest