

as rapidly. Moreover, a significant part of the expansion of domestic demand, with the accompanying stimulus to domestic production, was the result of the addition of population and, to a lesser extent, of external capital of which immigrants were the source.

Encouragement for immigration at a time when unemployment is abnormally high seems to many to be paradoxical. However, the fact is that a flow of immigration, if cut off or discouraged, cannot usually be easily revived at will. Moreover, as has been indicated, there is today a shortage of persons available with many necessary skills even though unemployment is undesirably high. Added to this is the fact that the employment-stimulating effect of immigration seems usually to be at least as great as the supply of labour it brings. In the light of the growth requirements of the Canadian economy through the next several years and the stimulus to real income per capita provided by population and skill additions, a wise policy for Canada will continue to encourage immigration, giving special emphasis to the selection of immigrants with technical and professional qualifications and experience. By this means the capacity of the Canadian labour force to keep pace with the rising skill demands of a period of rapid technological change can be bolstered.

The contribution made by the two million newcomers since 1945, both as producers and consumers, has been tremendous. If a comparable flow of selected immigrants can be secured in the years to come, the impact on the national economy, operating as it does by geometric progression, will indeed be significant.

APPENDIX "M"

FOREIGN CONTROL OF CANADIAN INDUSTRY

It is recommended that the Government should avoid any measures which would restrict the inflow of foreign capital for productive investment in Canada or which would discriminate against foreign-controlled enterprises operating in Canada.

It is a good and timely thing that so many Canadians are critically re-examining our economic policies in an effort to identify the causes of unemployment and of the slackening in the rate of growth of the economy. But while doing so we should not omit due recognition of the great part which has been played in Canada's industrial growth by capital and technology from the United States and other countries. Such investment, especially in the postwar years, has made an immense contribution to the development of our natural resources, to the diversification and expansion of our manufacturing industries, and to the creation of more numerous and more rewarding jobs in these and other activities.

The corollary of this great influx of foreign investment has not surprisingly, but nonetheless regrettably, been a sharp rise in the extent of foreign control over Canadian industry. In 1957, the latest year for which information is available, 56% of our manufacturing industry, 76% of our petroleum and natural gas industry, and 61% of our mining and smelting industry were controlled by non-residents. In all likelihood these proportions will have gone even higher in later years.

Such a degree of foreign control over our productive processes could conceivably have an adverse effect on employment and at least means a greater sensitivity in Canada to economic conditions beyond our borders. The Association believes that Canadian subsidiaries, and their foreign parents, should be encouraged to conduct their Canadian operations in accordance with