tors the files of federal and state agencies, and gathers whatever other public information is available. The agency cannot put a value on many of the transactions, it notes, and obviously a lot of private deals go unrecorded. With these reservations, it is worth recording that in the years 1974-78, the agency reported 352 Canadian investments and was able to put a figure on 198 of them, of $3.9 billion. The remainder were probably small fry. Final figures for 1979 are not available at the time of writing but a preliminary estimate is that Canadian investments worth $2.146 billion were reported—a very high figure by the standards of previous years.

They cannot take account of the fact that a significant part of the funds flowing from Canada into the U.S., particularly in the real estate field, actually originate in Europe and are not under ultimate Canadian control. Similarly, some Canadian companies invest in the U.S. through subsidiaries in other countries, particularly the Netherlands, which offers a favourable tax break to off-shore investors. Curiously, the Canada Development Corporation which was set up as an instrument of Canadian nationalysm, and which was thought to have scored a great nationalist coup when it took control of Texas Gulf in the United States, actually holds this U.S. corporation through a subsidiary in the Netherlands. Canadian Pacific Enterprises, to cite another example, has established a subsidiary in the Netherlands to hold U.S. subsidiaries.

From all these data, only estimates of the level of Canadian activity in the United States can emerge. The *New York Times* suggested in a 1979 article that taking into account unreported private investments, the Canadian stake in the U.S. may now approach $20 billion. The U.S. Under Secretary for International Trade, Robert Herzstein, said in a speech on U.S.-Canada trade last June that Canadian direct investment in the U.S. had risen from $3.3 billion in 1970 to about $20 billion in 1980. Asked about the source of his figure, he replied that it was a mistake and offered instead the 'official' estimate of $7 billion. But he was probably closer to the truth the first time.

Real Estate

The largest, most visible, and therefore most publicized form of Canadian investment in the U.S. is in real estate. Among the 10 largest developers in the U.S., five are Canadian and they put their names proudly on skyscrapers in Manhattan, shopping plazas in Westchester County, office and home developments in Florida, Texas and California—indeed throughout the Sun Belt states. Hardly a week goes by without a paragraph reporting a new project by Cadillac Fairview, a new purchase by Olympia and York, a development by Genstar or Daon or Nu-West or Campeau or a less well-known Canadian real estate corporation. Canadians are studying proposals to redevelop that most American piece of property, Times Square in New York, building condominiums on the West Coast, putting up homes near Atlantic City to profit from the gambling boom, and developing suburban housing—and the shopping plazas to serve them—all over the United States.

The Office of Foreign Direct Investment noted 85 real estate deals by Canadians in 1978, totalling well over $1 billion in value and accounting for perhaps 75 percent of all Canadian investments. The total value of Canadian real estate holdings in the U.S. now runs into several billion dollars, nearly all of it financed by money borrowed in the U.S. According to Michael Galway, Executive Director of the Canadian Institute of Public Real Estate Companies, the major Canadian corporations moved into the United States when they ran out of things to do in Canada. Having developed the major Canadian cities, they had a surplus capacity and they saw the opportunities for expansion in the U.S. market. As national corporations in Canada, with the support of national banks, they often found themselves in the United States in competition with much smaller U.S. developers depending on the support of local U.S. banks. Often it was no competition. As shrewd managers, they noted also that the projected rates of population growth were higher in the west and south of the U.S. than in most other areas of North America and they concluded that that was the place for a real estate developer to be. The 1974 downturn in the U.S. shook out many local developers but the large, better financed, and more diversified Canadian companies were able to survive and take advantage of the opportunities in the U.S. market.

A.E. Diamond, Chairman of Cadillac Fairview, now the largest real estate developer in North America, has said that expansion into the United States is natural and logical for a company that has reached the size in terms of assets and human resources that his has, and now has to go beyond Canada to maintain its growth momentum. He sees in the U.S., growing markets in which there is less government involvement than in Canada and where the citizens have more spending power than in Canada. He believes that the U.S. operations of his company, and of many others in Canada, may well grow larger than their Canadian operations, but he emphasizes that he is committed to remaining a Canadian corporation. Angus MacNaughton, of Genstar, expresses the continental outlook when he says that there is no more problem in managing operations in Newport Beach or in San Francisco from Montreal than there is in managing operations in Calgary or Vancouver. Jack Poole, of Daon Development, adds, "I really don't believe that nationality is a factor at all. Americans are not afraid of anybody."

The second largest sector for Canadian investment in the U.S., after real estate, is manufacturing. While many major Canadian corporations have for years had