

and also that part of the higher standard of living will take the form of a higher standard of housing, both of which developments would add to the amount of funds required for investment in that field.

The capital requirements of governments and public enterprises may increase relative to total investment. Very large sums will be required for investment in social capital, by way of highways, schools, universities, hospitals and various urban facilities, together with great expansion in transportation and public utility enterprises under public ownership. Under conditions of growth it would be unrealistic to expect governments to pay for capital expenditures out of ordinary current revenue. One might expect therefore a substantial rise in borrowings by or guaranteed by various levels of government to finance the creation of capital assets, and so long as growth continues the amount of new borrowing will exceed the amount of annual repayments of government direct or guaranteed debt. This outlet for investment funds will therefore continue to bulk large in the total.

No doubt there will be a continuation of a substantial volume of investment in resource development, although perhaps not increasing as rapidly as total investment. The remaining categories of new investment, such as heavy industry, secondary industry and services, may well increase relatively to the total.

Canadians have not been very enthusiastic investors in the equity or common stock of productive enterprise in Canada. Preference for debt instruments rather than equities seems to have been very strong both amongst individuals and amongst institutional investors, as a glance at the portfolio distribution of your members will emphasize.

A further illustration may be seen in the fact that every year for the past thirty years, the value of dividends paid by Canadian corporations to non-residents plus the profits of Canadian branches of parent companies abroad, has been greater than the total amount paid by Canadian corporations to Canadian residents, excluding dividends paid by one Canadian corporation to another.

One must expect that as time goes by greater interest will be shown by Canadian individuals and institutions in acquiring a share in the ownership of businesses operating in Canada. In the past, a large part has necessarily been played in our development by large foreign corporations able to provide both capital and know-how and to develop businesses in Canada as off-shoots of much larger operations in the United States and other foreign countries. It is logical to expect that over a period many of these branch plants and subsidiaries will develop into independent enterprises conducting their operations in Canada in much the same manner as our domestic Canadian businesses.

I mentioned earlier the possibility that the need for capital funds decline somewhat relative to total product and to savings, at least to the extent that we would cease to be a net importer of capital. We might become a net exporter of capital, and find this might become another major outlet for the investment of domestic savings.