

availability of power from Hydro-Québec, whose rates are among the lowest in North America. The foundry is expected to produce 20,000 tons of caliper brake castings by 1983, a large part of which will be used by Bendix in its operations. Other likely buyers have been found in the

automotive, construction and farm machinery industries.

FIRA, in approving the undertaking, noted that it placed a modern, efficient plant in an area of high unemployment.

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## The Banker's View

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W.D. Mulholland is the Chairman and Chief Executive Officer of the Bank of Montreal. He is also an American citizen. The Bank, the third largest in Canada, has been a major source of financing for energy development projects. In an interview with CANADA TODAY/D'AUJOURD'HUI Mr. Mulholland made the following points.

**Q.** What would you see as the need for capital investment in Canada in the next decade, especially in the field of energy?

**A.** The Canadian economy will probably require the equivalent of \$700-750 billion—in constant 1980 U.S. dollars—in new investment during the remainder of this decade. This is large by historical standards. It reflects the expected boom in energy development, as well as projections by the Economic Council of Canada that the growth rate of real GNP will average 2.5 per cent during the next ten years and that the capital requirements to finance this growth will rise to 25 per cent of GNP.

Of this sum, I would guess that about \$240 billion (in 1980 U.S. dollars), or nearly one-third of all investment, will be required over the decade for energy-related investment. The most significant increases within the energy sector will relate to oil and gas investment activity.

**Q.** Do you see there being competition between Canadian and foreign investors as to who will have an opportunity to invest in developments in Canada?

**A.** Canada has traditionally had to import capital to finance her investment needs. Since investment as a proportion of total output is expected to increase in this decade, there should be ample investment opportunities for both Canadian and foreign investors.

**Q.** Do you have any comments on the degree to which foreign investors are allowed to invest in Canada?

**A.** The degree to which foreign investors will be allowed to invest in Canada is clearly a political policy decision. The National Energy Program has spelled out the conditions for the energy sector. The Honourable Marc Lalonde, Minister for Energy, Mines and Resources, has explicitly stated that the government had no intentions of extending the types of restrictions embodied in the National Energy Program to other industries or other sectors of the economy. In these other industries and sectors, the Deputy Prime Minister and Minister of Finance, Mr. Allan MacEachen, has indicated that the only requirements for foreign investors will be to satisfy the more general objectives of the Foreign Investment Review Agency.

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## U.S. Investment in Canada

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"Canada is the chief locus of U.S. external investment, accounting for 25 percent. Canada's share of U.S. external funds during this century has stayed consistently in the 25 percent range. The present size of U.S. investment in Canada is due, therefore, not to any increase in concentration in Canada, though that was a factor in the 1950's and 1960's, but to the remarkable growth of U.S. investment worldwide and Canada's consistent share of that investment.

"A second and long-standing characteristic of U.S. investment is the high proportion represented by direct investment, involving ownership or control of Canadian industry. Between 1900 and 1913, for example, about 55 percent of U.S. investment was direct investment, compared with only 11 percent of British investment. After 1914, the proportion fell below 50 percent but resumed its predominance after 1945. Between 1946 and 1974 the book value of U.S. investment