

these results and the policies which have created them. At the recent meeting in Washington of representatives of the governments of both countries, we were obliged to register a strong protest against these policies. The United States Administration gave the Canadian Ministers assurances that in all surplus disposal activities they intend to avoid so far as possible interfering with normal commercial marketings and that the barter programme will hereafter be limited. While appreciating these assurances, the Canadian Government, however, is far from satisfied, and will continue to regard with an anxious and apprehensive eye fire-sale disposal policies. We regard them as a breach of both the letter and the spirit of the General Agreement on Tariffs and Trade.

### U. S. Investment in Canada

I turn now to a subject upon which a certain degree of misunderstanding appears to have existed in the United States. It concerns the attitude of the Canadian Government with respect to foreign investment in Canada.

Canada is currently the world's largest importer of capital. Canada needs capital to develop our resources. Capital from abroad has not been slow to see and grasp the glowing opportunities offered for investment in the development of Canada's resources. Foreign capital has been entering Canada this year in record volume: The United States has been the principal contributor, but Great Britain, Western Germany, and other countries have also been swelling the total. Canada's net indebtedness to foreign investors now exceeds ten billion dollars. Gross investment in Canada from abroad exceeds fifteen billion dollars. Nearly twelve billion dollars of this total is owned in the United States. Approximately 2 3/4 billion dollars is owned in the United Kingdom, and over one billion dollars in other countries, chiefly Western Europe.

We welcome the investment of capital from abroad. We recognize the important role which has been played by capital from abroad in the development of our resources and also in maintaining the momentum of the Canadian economy. As firm believers in the free enterprise system we intend to continue to create a climate favourable to investment from abroad.

It would be quite impossible to sustain the heavy commodity import deficit which Canada is now incurring in its trade with the United States were it not for the heavy inflow of American capital into Canada. We have been asked to regard this capital inflow as "offsetting" the deficit in our trade with the United States. This argument overlooks the fact that in the course of this type of exchange we Canadians are increasing the mortgage upon our assets.

It is with regret that I say to you that the policies followed by some American investors in Canada have given rise to strong feelings of irritation. Many, perhaps even most, American