

value of investments held in the United States at the end of 1945 had a book value of \$4,982,000,000. While generally indicative of American ownership, this total also includes an indeterminable amount of securities held in the United States by nominees for residents of other countries. The remaining amount of external capital invested in Canada, \$347,000,000, was owned in other overseas countries. The total investments in Canada owned in these other overseas countries would include, therefore, the \$347,000,000 plus the indeterminable amounts included in the British and United States totals shown above.

By the end of 1945, about 43 p.c. of the external capital invested in Canada was represented by holdings of bonds and debentures compared with about 56 p.c. in 1939. The proportionate decline was even greater in the case of British investments in Canada because of the official repatriations of Dominion and Canadian National Railway bonds, but the percentage of United States capital invested in bonds was also a little less than in 1939, even though the total holdings of Canadian bonds in the United States increased from an estimated \$2,095,000,000 in 1939 to \$2,357,000,000 in 1945. The proportion of total Canadian bonds outstanding represented by the bonds held in the United States was, however, much less in 1945 than in 1939 because of the extent of wartime financing by the Federal Government through sales of bonds to Canadians. At the end of 1939, Canadian bonds held in the United States represented about 21 p.c. of the total of almost \$10,000,000,000 of outstanding Canadian issues. By the end of 1945, the United States holdings amounted to approximately 11 p.c. of the more than \$22,000,000,000 of Canadian bonds outstanding.

Total non-resident investments in Canadian businesses, excluding the Canadian National Railways, have increased from \$4,241,000,000 to \$4,790,000,000 but, if estimated non-resident holdings of Canadian National Railway bonds are included, the gross external investment in all Canadian businesses has increased only from \$4,935,000,000 to \$5,154,000,000. This increase in the narrower field of privately owned industry and commerce is small in relation to the great expansion in capital employed by Canadian industry during the War, most of which expansion was directly financed by Canadian sources.

The direct investments of United States businesses in Canada in branches, subsidiaries and controlled companies make up an important group of United States investments in Canada. The aggregate value of these direct investments is great, the investment in close to 2,000 different concerns, amounting to \$2,300,000,000 at the end of 1945 compared with \$1,881,000,000 at the end of 1939, or an increase of 22 p.c. during the six wartime years. While this increase stands out in comparison with the moderate decline in this group of investments that occurred during the decade before the War, it represents a relatively small increase compared to the sharp rate of expansion that occurred in the value of United States direct investments in Canada between 1926 and 1930.

More than one-half (\$1,285,000,000) of total United States direct investments in Canada are in manufacturing. The total value of these United States-controlled companies in the manufacturing field probably represents close to one-third of the total investments in manufacturing concerns in Canada. In the broader field of Canadian business—all industrial, mining and commercial concerns including railways and utilities—the ratio of investments controlled in the United States is much less, possibly about one-fifth at the present time. However, the high percentage of United States controlled companies in the manufacturing field in Canada should not be taken as an indication that Canadian industry in general is dominated by United