

of securities. The relative importance in this more recent period of the United States capital inflow in relation to domestic capital formation was less than in earlier periods of capital inflow. Much the larger portion of Canadian developments and activities during the recent War were financed from Canadian sources. As a result of the divergent trends in British and United States investments, total non-resident investments in Canada increased only moderately between 1939 and 1945. In 1946 a further increase to a total of \$7,178,000,000 occurred, chiefly because of the continued expansion of United States investments in Canada. In 1947 there was a slight change in the total to \$7,181,000,000 because redemptions mainly offset new direct investments and reinvestments of earnings. By that date United States investments had reached a new peak of \$5,207,000,000 while British investments amounted to \$1,631,000,000.

The relative position of investments of external capital in relation to total investments of capital in Canada has changed materially in recent years. Non-resident investment now constitutes a smaller part of total investments in Canada than was the case before the recent War. It is difficult to express this relationship in terms of any simple ratio, however, because of the variety of types of investment which must be compared. Important changes have also taken place in the relative position of different types of investment.

Non-resident holdings of Canadian bonds constitute a much smaller proportion of the outstanding funded debt of Canadian governments and corporations than was the case before the recent War. The external holdings of Canadian bonds represented only about 13 p.c. of the total Canadian funded debt at the end of 1947 compared with about one-third of the approximate \$10,000,000,000 of bonds outstanding in 1939. The outstanding changes bringing about this transition have been the great rise during the recent War in the funded debt of the Federal Government, which was largely financed in Canada, and some reduction in the total of Canadian bonds held outside Canada which, in 1939, was \$3,508,000,000 compared with about \$2,853,000,000 in 1947. The reduction in the amount held outside Canada is due to wartime repatriations of Canadian bonds from the United Kingdom. Holdings in the United States and other countries have increased moderately in total since 1939. Non-resident holdings of Government issues, exclusive of railway bonds, were 17 p.c. of the total outstanding in 1939 and in 1947 were about 8 p.c. This change has also been partly due to a reduction in the amount held in the United Kingdom, as well as to the rise in total of internal issues.

Non-resident ownership of Canadian industry, mines, railways, and public utilities is estimated in 1946 to have been about 35 p.c. of total capital invested, a percentage not much different from the corresponding ratio at the beginning of the War.

The ratio of non-resident ownership in Canadian manufacturing companies was somewhat greater than in the case of the broader group of investments referred to, being estimated at about 44 p.c. in 1946. The percentage of different groups of Canadian industry owned abroad varied considerably. This ratio was greatest in the non-ferrous metal industry, being 72 p.c. compared with 25 p.c. in the textile industry. In other groups of industry non-resident ownership was also high reaching 58 p.c. in the chemical industry in 1946. In still other groups the ratio was between one-third and one-half, including vegetable products, animal products, wood and paper products, iron and its products and non-metallic minerals. Furthermore, in some subdivisions of these industries non-resident ownership and control were predominant even though only the minor parts of the groups, when taken as a whole,