much larger portion of the total than in the prewar period. In absolute terms, this rise in total British investments in Canada is more than the rise in investments by all other overseas countries in the same period, although the rate of increase has been lower.

Investments of countries other than the United States and the United Kingdom reached a record total of $1,075,000,000 at the end of 1956. Being almost three times the corresponding 1950 figure, this represents a much higher rate of increase than has occurred in either United States or British investments and large increases have taken place in portfolio holdings of securities as well as in direct investments. At 7 p.c. of the total, this group of countries, mostly in Western Europe, makes up a larger portion of total investments than ever before. About 90 p.c. of the direct investments, which totalled $315,000,000 in 1955, also came from Western Europe; more than one-third was of Belgian origin with French and Swiss making up the next largest groups. Since then German direct investments have risen significantly.

The degree of dependence upon non-resident capital for financing Canadian investment has been relatively much less in the postwar period than in the earlier periods of exceptional expansion, even though the rise in non-resident investments has been so great. Thus, from 1950 to 1956 the net use of foreign resources amounted to about one-fifth of net capital formation in Canada, and direct foreign financing amounted to about one-third. But in the year 1956 when these ratios had increased considerably to about one-third and two-fifths respectively, they were still less than the corresponding ratios in the short period 1929 to 1930 when inter-war investment activity was at its highest point. In that period more than one-half of net capital formation was financed from outside of Canada, and in the period of heavy investment before World War I an even larger ratio of investment was financed by external capital. In considering these changes it should be noted that for a decade and a half, between 1934 and 1949, Canada was a net exporter of capital and that Canadian assets abroad have been rising over a long period.

It should also be noted that the above ratios relate to the place of non-resident investments in all spheres of development including those where Canadian sources of financing predominate such as in merchandising, agriculture, housing, public utilities, and other forms of social capital. Thus non-resident financing of industry and mining has been much higher than the over-all ratios indicate, and has provided the major portion of the capital investment in this field in the period since 1948. The most comprehensive calculation of the ratios of non-resident ownership in Canadian manufacturing, mining and petroleum is for the year 1954, and it should be noted that subsequent changes are likely to have increased non-resident ownership even more. In that year the Canadian manufacturing industry was 48 p.c. owned by non-residents but capital subject to foreign control was 54 p.c. These proportions compared with 44 p.c. and 48 p.c., respectively, as recently as at the end of 1951. In the broad field of mining, smelting and petroleum, exploration and development companies, non-resident ownership and control each amounted to 59 p.c. at the end of 1954, whereas at the end of 1951 non-resident ownership and control had amounted to 51 p.c. and 53 p.c. respectively. However, resident-owned Canadian capital continued to play a leading role in the financing of such areas of business as merchandising, railways and other public utilities. Hence non-resident ownership in the broad area of business, including industry, mining, merchandising and railways and utilities as a whole, remained just under one-third for a period of some years up to 1954 (the last year for which the calculation has been made). But, in the same years, companies subject to non-resident control increased to some extent their share of the total even in this broad area of business, a trend also evident in many subdivisions of the manufacturing and extractive industries.

The same type of analysis has been applied to investments in the petroleum industry including exploration and development, refining, merchandising, pipelines and other transportation. This industry has been the largest single recipient of capital inflows in the postwar period, accounting directly for more than one-half of the net inflow of United States capital for direct investment in Canada. By the end of 1955, investments in Canadian petroleum concerns controlled in the United States made up 74 p.c. of the