

ment 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 1955 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 49 p.c. owned by non-residents but capital subject to foreign control was 57 p.c. when petroleum refining is included. These proportions compared with 45 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 62 p.c. and 66 p.c., respectively, at the end of 1955 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 1955 (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 total, having increased sharply from the previous year. Another 6 p.c. of the investment was controlled in overseas countries. Investments owned in the United States and overseas were 59 p.c. and 5 p.c., respectively, of the total.

Another basis of judging the place of foreign-controlled business in Canadian industry is provided by a special study of production and employment in the larger Canadian manufacturing establishments controlled in the United States. Such establishments having an investment of \$1,000,000 or more accounted for about 30 p.c. of Canadian manufacturing production in 1953 and 21 p.c. of employment in that field. These ratios in non-resident-controlled plants were considerably higher than in 1946—the previous year for which a study of this kind was made.

In some industries the proportions of production and employment in plants controlled in the United States were much higher than this. Automobiles, for example, are mainly produced in United States-controlled plants, but this is exceptional. Among other industries where well over one-half of the production is in United States-controlled firms are the smelting and refining of non-ferrous metals, petroleum refining, rubber products, and motor-vehicle parts. In several major industries like electrical apparatus and supplies and non-ferrous metal products the distribution of control between Canadian and United States-controlled companies is more evenly divided. In other industries the non-resident share is large although less than one-half the total. These include pulp and paper, other paper products, chemicals, medicinal and pharmaceutical products, sheet-metal products, and certain branches of the machinery industry.