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 1955 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 from 1956 to 1959 when these ratios had increased considerably to more than one-third and two-fifths, respectively, they were still less than the corresponding ratios in the period 1929 to 1930 when inter-war investment activity was at its highest point. In that shorter 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 manufacturing, petroleum 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 recent comprehensive calculation of the ratios of non-resident ownership in Canadian manufacturing, mining and petroleum is for the year 1957 and it should be noted that subsequent changes may have increased non-resident ownership even more. In that year the Canadian manufacturing industry was 50 p.c. owned by non-residents but capital subject to foreign control was 56 p.c. These proportions compared with 47 p.c. and 51 p.c., respectively, as recently as at the end of 1954. In the field of petroleum and natural gas, non-resident ownership and control each amounted to 64 p.c. and 76 p.c., respectively, at the end of 1957 whereas at the end of 1954 non-resident ownership and control had amounted to 60 p.c. and 69 p.c., respectively; in mining and smelting, non-resident ownership and control amounted to 56 p.c. and 61 p.c., respectively, compared with 56 p.c. and 51 p.c. in 1954. 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 of business as a whole, including industry, petroleum, mining, merchandising and railways and utilities, rose only slightly from 32 p.c. in 1948 to 35 p.c. in 1957 (the last year for which the calculation has been made). But, in the same years, companies subject to non-resident control increased from 25 p.c. to 33 p.c. 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 petroleum and natural gas industry, including exploration and development, refining, merchandising, pipelines and other distribution facilities, has been the largest single recipient of capital inflows in the postwar period, accounting directly for far more than one-half of the inflow of United States capital for direct investment in Canada. By the end of 1957, investments in Canadian petroleum concerns controlled in the United States made up 71 p.c. of the total. Another 5 p.c. of the investment was controlled in overseas countries. Investments owned in the United States and overseas were 58 p.c. and 6 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.