

of capital was London, and in 1914 British investments in Canada were estimated at \$2,778,000,000. By the same date, United States investments, although they had been increasing rapidly, had only about one third of the value of British-owned investments.

During the first part of the inter-war period the United States became the principal source of external capital, and by 1926 the United States-owned portion of Canada's international debt exceeded that owned in Britain, which had not increased since 1914. Growth in United States investments in Canada continued for some years but was interrupted in the 1930's when the total was reduced by repatriations of securities and other withdrawals of capital. Increases began again in the 1940's and by the end of World War II United States investments of \$4,990,000,000 compared with British investments of \$1,750,000,000. The latter had been reduced by wartime repatriation measures and the proceeds were used in financing British expenditures in Canada. Following the War, up to 1948, some further declines occurred in British investments in Canada but since then they have increased.

United States investments have risen each year since the end of World War II, particularly since 1947 when the period of intense activity in the petroleum industry got under way following new discoveries. More than half the growth in United States investment in Canada has occurred since 1953. At \$17,966,000,000, United States investments in 1961 continued to represent more than three quarters of all non-resident investments in Canada and also made up a similar ratio of the increase since 1953. The main rise occurred in direct investments in companies controlled in the United States, which are prominent in many branches of Canadian industry. By 1961 these had increased to well over twice their value in 1953. In the same period portfolio investments in Canada owned in the United States rose by more than four fifths. A considerable part of this latter rise occurred in the period 1956-59 when large sales of new issues of securities were made in that country.

British investments in Canada totalled \$3,385,000,000 at the end of 1961. Although these investments then exceeded by more than \$600,000,000 the levels reached at the end of World War I and again in the early 1930's, they accounted for only about 14 p.c. of the total non-resident investments in Canada compared with 36 p.c. at the end of 1939 before most of the wartime repatriations. British investments in Canada had more than doubled from the low point in 1948; the increase had been particularly concentrated in direct investments which had more than quadrupled and which, at the end of 1961, represented a much larger portion of the total than in the prewar period. In absolute terms, this rise in total British investments in Canada was slightly below the rise in investments by all other overseas countries in the same period, although the rate of increase was lower.

Investments of countries other than the United States and Britain reached a record total of \$2,219,000,000 at the end of 1961. Exceeding four times the corresponding 1952 figure, this represented a much higher rate of increase than had occurred in either United States or British investments and large increases had taken place in portfolio holdings of securities as well as in direct investments. At about 10 p.c. of the total, this group of countries, mostly in Western Europe, made up a larger portion of total investments than ever before. Over 90 p.c. of the direct investments, which totalled \$840,000,000 in 1961, also came from Western Europe; more than one quarter was of Belgian origin with Dutch, French, Swiss and German investments making up the next largest groups.

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 1960 when these ratios had increased considerably to 33 p.c. and 45 p.c., 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