

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. After 1961 these ratios declined somewhat; from 1962 to 1965 the net use of foreign resources comprised 19 p.c. of net capital formation in Canada and direct foreign financing 43 p.c. 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 1963 and it should be noted that subsequent changes may have increased non-resident ownership even more. In that year the Canadian manufacturing industry was 54 p.c. owned by non-residents but capital subject to foreign control was 60 p.c. These proportions compared with 47 p.c. and 51 p.c., respectively, as recently as the end of 1954. In the field of petroleum and natural gas, non-resident ownership and control amounted to 64 p.c. and 74 p.c., respectively, at the end of 1963, 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 62 p.c. and 59 p.c., respectively, compared with 53 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 in a broad range of business activity, including manufacturing, petroleum, mining, merchandising and railways and utilities, rose only slightly from 32 p.c. in 1948 to 35 p.c. in 1963. But, in the same years, companies subject to non-resident control increased from 25 p.c. to 34 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.

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 by non-residents. The enterprises having an investment in Canada of \$1,000,000 or more accounted for about 40 p.c. of Canadian manufacturing production in 1961 and 29 p.c. of employment in that field. About 33 p.c. of Canadian manufacturing production and 22 p.c. of employment originated with United States-controlled plants. These ratios in United States-controlled plants were somewhat higher than in 1953—the previous year for which a study of this kind was made. In some industries the proportions of production and employment in plants controlled by non-residents were much higher than this. Automobiles, for example, are produced mainly in United States-controlled plants, but this is exceptional. Other industries in which well over one half of the production is in non-resident-controlled firms include the smelting and refining of non-ferrous metals, petroleum refining, motor vehicle parts, aircraft and parts, and industrial chemicals. In several major industries like fruit and vegetable canning and preserving, and miscellaneous machinery and equipment manufacturing the distribution of control between Canadian and foreign-controlled companies is more even. In such industries as pulp, paper, and miscellaneous food manufacturing, the non-resident share is large although less than one half of the total.

There are, however, many industries where the largest part of production is in Canadian-controlled plants. Prominent among these are such important branches of industry as iron and steel mills, sawmills, feed manufacturing, clothing, and such divisions of the food and beverage group as bakeries and slaughtering and meat packing, pasteurizing and butter and cheese plants.