this amount some $24,500 million was in the form of direct investment in Canadian enterprises. Investments in other Canadian equities, although smaller, were also substantial and there were periods in recent years of sharp increases in foreign holdings of Canadian bonds and debentures.

Dependence on external sources of capital for financing in periods of heavy investment activity has been characteristic of Canadian development. During the exceptional growth that occurred before World War I, non-resident investment was very high and the main source of that investment was London. However, during the first part of the interwar period, the United States became the principal source of external capital and by 1926 the portion of Canada's international debt owned in the US exceeded that owned in the United Kingdom. With some interruption during the 1930s US investment in Canada continued to increase, particularly after 1947 when the period of intense activity in the petroleum industry got under way. At $33,031 million, US long-term investments in 1969 represented about 80% of all non-resident long-term investment in Canada, the main rise occurring in direct investment in companies controlled in the United States.

United Kingdom long-term investments in Canada totalled $3,862 million at the end of 1969. As a proportion of total non-resident investments in Canada the British share was about 9%, well below their 36% share at the end of 1939 before the wartime repatriations. After reaching a low point in 1948, the value of UK investments in Canada increased each year to 1962, declined slightly in 1963, partly as a result of Canadian repatriation of investments in railways and further provincial takeover of other utilities, then increased again in subsequent years.

Long-term investments of countries other than the United States and the United Kingdom rose dramatically to $4,775 million at the end of 1969. More than two and one half times larger than a decade earlier, long-term investment from this source continued to grow at a rate in excess of that of either the US or UK. It represented over 11% of total foreign long-term investment in Canada in 1969 as compared to just under 10% in 1968. Of the $2,056 million direct investment in 1969 by all other countries, about 83% originated in Europe, primarily the Netherlands and France. Swiss direct investment showed the largest relative increase in this group for 1969.

In trying to assess the impact of foreign investment on the Canadian economy it is useful to consider not only the absolute dollar value but also the degree to which our industries have become subject to foreign control. The most recent comprehensive calculation of the ratios of non-resident ownership in Canadian manufacturing, mining and petroleum is for the year 1967. In that year the Canadian manufacturing industry was 52% owned by non-residents but capital subject to foreign control was 57%. These proportions compared with 50% and 56%, respectively, as recently as the end of 1957. In the field of petroleum and natural gas, non-resident ownership and control amounted to 62% and 74%, respectively, at the end of 1967, whereas at the end of 1957 non-resident ownership and control had amounted to 63% and 76%, respectively; in mining and smelting, non-resident ownership and control amounted to 61% and 65%, respectively, compared with 56% and 61% in 1957.

Canadian owned capital continued to play a leading role in the financing of several areas of business such as merchandising, railways and other public utilities. Thus, taking a broader range of business activity including manufacturing, petroleum, mining, merchandising and all utilities, non-resident ownership rose only slightly from 32% in 1948 to 35% in 1967. However, the importance of direct investment as a vehicle for foreign investment was evident in the fact that the share of capital invested in Canadian industries that was subject to foreign control jumped from 25% in 1948 to 35% in 1967.

21.5.3 Canadian assets abroad

Although there has been considerable growth in non-resident investment in Canada and in the balance of Canadian indebtedness to other countries, it will be noted that Canadian assets abroad (Tables 21.33 and 21.35) have continued to rise in value. These now equal a larger proportion of liabilities abroad than was the case before World War II. As a proportion of Canada's liabilities they rose from about one fifth in 1926 to about two fifths in 1970. This development was accompanied by a change in the structure of Canada's assets. The share of private long-term investment in Canada's assets declined from about 70% of the total in 1926 to about 45% in 1970. Assets abroad of the Government of Canada which were minor in 1926 accounted for nearly one third of the total in 1970. In fact, in the period immediately after World War II, the government proportion of Canada's foreign assets was even higher and in