

at a faster rate than Canada's external liabilities (Table 21.34). They 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 over two fifths in 1970. This development was accompanied by a change in the structure of Canada's assets abroad. The share of private long-term investment (including direct, portfolio, and miscellaneous investment) in Canada's foreign 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 some years accounted for as much as two thirds of the total. Various short-term holdings other than net official monetary assets accounted for the balance of Canada's foreign assets. Their share of total assets has varied over the years; from about one third of the total in 1926, the proportion became negligible by the end of World War II. In recent years they comprised about one fifth of the total. Long-term assets, both private and government, have generally tended to be greater than short-term assets.

Canadian long-term investment abroad has increased over twelvefold from \$926 million in 1926 to \$11,700 million in 1970. The bulk of Canadian long-term investment abroad is in the form of private capital, especially in the direct investment sector. The remainder consists mostly of government loans and advances and subscriptions to international investment agencies. Geographically, long-term investment in the United States of \$5,902 million made up slightly more than half of Canada's long-term investment abroad in 1970. About three fifths of total private investment was in that country. Outstanding Government of Canada credit provided under authority of the United Kingdom Financing Agreement Act, 1946, was the major element in the \$1,751 million of Canadian assets in the United Kingdom. In the decade of the 1960s the share of direct investment in Canada's assets in the United Kingdom increased and now accounts for over one third of the total. In other Commonwealth countries, direct investment has always been the predominant form of Canada's assets. Although at the end of 1970 direct investment accounted for over 70% of Canada's assets in these countries, its share was somewhat lower than in most of the previous years due to the expansion of Government of Canada credits made under the new development or "soft" loan program. In the 1960s direct investment emerged as the most important form of Canada's assets in all other countries and accounted for over one half of the total in those countries. Export credits made directly or indirectly at the risk of the Government of Canada also continued to be an important element in Canada's assets in this group of countries.

Canadian short-term assets, consisting of net official monetary assets, other Canadian short-term holdings of exchange and short-term receivables, have increased more than fourfold since the end of World War II to account for over two fifths of total assets in 1970.

#### **21.5.4 1973 estimates**

Preliminary estimates produced on the basis of available data indicate that Canada's balance of international indebtedness reached a book value of more than \$32.5 billion by the end of 1973. Long-term foreign investment amounted to some \$53 billion and, together with other long-term liabilities, including non-resident equity in Canada's assets abroad, brought the total of long-term liabilities to over \$56.5 billion. Short-term claims increased the total of Canada's external liabilities to about \$63 billion. Canadian long-term investment abroad was slightly in excess of \$14.5 billion at the end of 1973, while short-term claims on non-residents (including resident holdings of foreign currencies and net official monetary assets) brought the total of Canada's external assets to over \$30 billion.

Projected control ratios for 1973, based on 1970 data adjusted to reflect changes in control of major enterprises, indicate a decline in foreign-controlled capital in non-financial industries of two percentage points since 1970. At the end of 1973, foreign-controlled enterprises accounted for 34% of total capital employed in these industries. Major shifts occurred in the manufacturing and mining and smelting industries as increasing Canadian share ownership of certain large enterprises resulted in their reclassification to Canadian control for statistical purposes. As a result, non-resident control decreased by three and 16 percentage points respectively, to 44% of the total in manufacturing and 54% in mining and smelting. Some change was also registered in the petroleum and natural gas industry, where foreign-controlled capital increased by one percentage point to 77% of the total.