

marketing experience, engineering and technical know-how and research, modern equipment, and perhaps most important, skilled American men and women who have helped to build up our own country more rapidly than we could have done ourselves.

Both the United States and Canada have benefited. The United States has found new markets and obtained new sources of raw materials. A goodly proportion of earnings of United States controlled corporations in Canada--something like one-half in recent years--has been reinvested in Canada. The rest has been freely transferred in the form of dividends to American parent companies and shareholders.

Canadians have been able to speed up their own economic development. New resources have been proven up, our northern frontier has been pushed back, and new factories have been opened, providing more opportunities for employment and the improvement of earnings.

If both countries have benefited from this flow of capital northward, is there anything more to be said? I think there is.

I am going to make a number of suggestions to United States business men who operate branch plants in Canada or are considering doing so. You may not accept them; you may not agree with them. You may have better methods of achieving the same result. I do wish you to know, however, that these suggestions have one purpose and one purpose only, namely, to underpin the friendly and harmonious economic relations that now exist between Canada and the United States.

Because of our closeness to the United States, our similar institutions and habits and the way we do things, Americans often treat Canada, for business purposes, almost as a part of the United States. In a sense this is a good thing, a tribute to common sense. But it has its dangers if it leads American business men to treat branch plants in Canada just as if they were located in the United States.

In my judgment, this is not likely to be the most successful method of conducting a subsidiary business enterprise in Canada. Certainly, it is not the method calculated to make the most friends and influence the most customers in Canada.

I suggest to you a very simple rule. Other things being equal, it is good business for a Canadian subsidiary of a foreign company to become as Canadian as it can, without losing the benefits of association with the parent company. In many countries, of course, there are rigid laws applying to foreign controlled companies, requiring them, for example, to give local inhabitants a share in the enterprise and requiring them to employ a minimum proportion of local labour and so forth.