

some of the things we should like to do to give all Canadians the benefits of our advancing economy.

But right now costs are rising while productivity is lagging and profit margins are shrinking. I don't believe there is general appreciation of the extent to which corporate profits and private savings are the bulwarks of the private enterprise system. It is from these sources that new enterprises are developed and old ones enlarged and regenerated.

At the same time, as our economy is straining to meet the demands we are placing on it and as Canadians are seeking to make the optimum use of our every productive facility, there is one particular resource about which I should like to speak briefly - that is, foreign capital.

### Foreign Capital

Foreign capital has always played a positive role in Canada's economic development and must continue to do so. It brings many problems but great benefits and, properly managed, can make a continued substantial contribution to our economic well-being and our essential standard of living.

To disclose the results of a study made on foreign ownership by the Department of Trade and Commerce, I spoke on this subject last month in Montreal. But again, having in mind the international complexion of this gathering, I thought those of you from other countries might in particular be interested in the general principles and results of those surveys and something about my views on the subject.

One major reason for the ready availability in past years of foreign capital has been the confidence with which the Canadian investment climate could be regarded. Confidence is a fragile thing, all too easily destroyed. Therefore, the voices of those who would create a climate of unreasoning hostility to foreign investment in Canada must be countered and the issues examined realistically and objectively if serious and costly national economic error is to be avoided.

I should like to take this opportunity to provide you with some indication of the ways in which I believe Canada must respond to the challenges and problems of foreign investment. First, let me emphasize two points: There is an old saying that "All generalities are wrong". This applies to the present debate on foreign ownership. First, blanket condemnations charging that foreign ownership, per se, is against Canada's national interest are simply unfounded in fact. Secondly, it would, of course, be equally misleading to claim that all foreign-owned companies are pure as the driven snow, or that none could improve their performance in any way. The truth lies somewhere in between.

Foreign capital has made, and will continue to make, a major net positive contribution to Canada's economic well-being. But on some counts some foreign-owned companies could, and must, do better. The same, of course, applies to wholly Canadian-owned companies. And in both cases it is the Government's policy to urge any laggards on.

But there is one important difference, one reason why we must pay greater attention to the Canadian activities of foreign-owned companies. And