

Secondly, it is stated these multinational corporations are used, or could be used, as instruments of political control by a foreign government. There is not time for me to dwell at length on this suggestion. Let me say, however, that what foreign capital does in Canada is a matter for the Government to determine. It is up to us to state the rules of the game and we have done so. But my examination of the situation has led me to believe that, by and large, foreign subsidiaries in Canada conduct themselves as good corporate Canadian citizens. It may be, as Raymond Vernon, Professor of International Trade and Investment at the Harvard Business School, has suggested, more accurate to say that: "As a general rule, the subsidiaries of multinational corporate groups have a special sense of their 'foreignness' and of their vulnerability to criticism and hostility on the part of the local community. Partly for that reason, the subsidiaries of such groups ordinarily appear to be among the better-behaved members of any local business community. Usually, they seem both sensitive and responsive to the formal requirements of national law, to a degree which national enterprises seldom match." I don't disagree with that statement.

Thirdly, it has been suggested that the criteria under which these multinational companies operate are not in the best national economic interest of Canada -- that the national economic good is ill-served by an organization which, it is feared, would be prepared to sacrifice national interest to its overall corporate advantage. Here, again, it is the responsibility of the Government to see that this does not happen. But, as part of its programme, the Government must state what criteria are to be followed to make sure the national interest is served.

This we have done through the enunciation of 12 "Guiding Principles of Good Corporate Behaviour in Canada". I stated these principles in a letter to foreign-owned subsidiaries in Canada some 15 months ago. Corporate reaction was requested and from 363 larger foreign-owned companies I asked for some detailed figures concerning their operations and financing so that we might study trends and patterns of corporate behaviour.

Foreign Subsidiaries

This programme seemed to be welcomed, and the response to it has been impressive. Of the 3,300 companies to which I wrote, more than 2,500 have replied. Many of those not replying are now dormant, are simply nominees, have been merged with other companies or are of a type which could not contribute to our study. Of the 363 major subsidiaries, all but 17 have replied. And I was most gratified to note, the other day, that the Canadian and American Chambers of Commerce recently approved "Fifteen Precepts for Successful Business Operating Procedures in Canada and the United States" substantially embodying the 12 guiding principles we propounded.

Many of you, or, at least, many of the companies you represent, will have studied these principles, so there is no need for me to reiterate them here today. Many more of you will have followed the extensive coverage given the results of this survey by the Canadian press. And you will, I am sure,