

simply, the culture of a people is its entire way of life. Culture is reflected in the role of private property, the political and legal system, patterns of family life, sports, aspirations for growth and higher standards of living, the social distribution of wealth, the role of the market-place, the role of government, business and other interest groups and the relationship between them, the relations between labour and management, to mention but a few of the facets of culture.

It has been argued that Canadians should not worry about the concentrated United States ownership of Canadian business, but about maintaining the cultural integrity of the broadcasting system and making sure that Canada has an active, independent theatre, book publishing industry, newspapers, magazines, and schools of poets and painters. If this is meant to deny the foreign corporation acts as a transmission belt for cultural influences, it reflects a rather naive view of culture and nationhood. There is no way of leaving the 'economic' area to others so that we can get on with the political, social and cultural concerns in our own way. There is no such compartmentalization in the real world. When understood in this broad sense, there can be little doubt that economic activity, as organized in the modern corporation, has a profound impact on culture, especially on the nature of the social, political and economic system, and the technology employed.

Given the complex inter-relationships within a culture, it is difficult to isolate and analyse the corporate impact, whether domestic or foreign, on culture. This is especially true in the case of Canada, since it is basically an open society and many influences have shaped Canadian culture and society. It is difficult, for example, to distinguish those aspects of our cultural and social development which are the effects of general industrial, technological and economic development and those which are foreign importations. It is equally difficult to disentangle the influence of foreign control of Canadian business from the impact of a common language, the mass media, political tradition similar in numerous respects, the use of the same books at universities and at public schools, imports, travel, common professional associations and trade unions, and close family and friendship links. Of course, there is a feedback process involved and inter-corporate links between Canada and the United States reinforce some of these other relationships. In any

event, it will always be difficult to determine whether a particular aspect of United States influence in Canada is related to corporate control or other types of cultural inter-relationships.

## Culture and Foreign Direct Investment : Canadian Openness

In Chapter Three of this study, the determinants of corporate direct foreign investment were discussed. In the manufacturing area, it was suggested that one

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*"If you want to be on the 95th floor, with global horizons, you must go to New York; the highest one can go in Canada is the 54th floor."*

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or more of the following determinants were important.

- basic efficiencies or economies of scale;
- technological, marketing, or some other superiority;
- market power based on product differentiation in an oligopolistic industry, including the ability to create tastes;
- similar tastes;
- high per capita real income;
- a rapid rate of growth in real income;
- factor endowments;
- size of market;
- competitive climate;
- tariff and non-tariff barriers;
- transportation costs;
- proximity to source of investment (as a risk-reducing factor);
- adequacy of infrastructure and supporting service.

It is useful to look at the cultural impact of foreign investment in terms of these determinants. Some, of course, are the result of the "openness" of Canadian culture referred to above, but to some extent foreign direct investment appears to create or foster cultural similarity. Let us look at some of these determinants in greater detail.

Countries of similar cultures and per capita real income appear to be particularly susceptible to direct investment. There are some important differences between Canadian and United States culture: the two official languages and multicultural character of Canada; the republican form of government in the United States; the acceptance in Canada of a greater role for governmental action, such as that in the field of broadcasting and transportation; distinctive Canadian institutions such as the Caisse Populaires in Quebec, and the greater importance of socialist parties in Canada. Nevertheless, there are numerous and important cultural similarities and these facilitate direct investment from the United States.

A further factor which has facilitated foreign direct investment is that Canadians, by and large, are not very xenophobic. Furthermore, Canadians generally claim fewer national heroes and distinctive symbols than most other countries. Many Canadians seem to have less pride in their history and in their achievements. While British, American or French history is, in a certain sense, part of our own history, it is often taught more assiduously than Canadian history. The reasons for this are very complex, but in part Canadian diffidence towards nationhood appears to arise out of Canada's colonial past. In more recent times, Canada's proximity to the dynamic and powerful United States has induced some feeling of dependence or inferiority.

The lack of a strong national identity tends to create, as outlined above, a vacuum and a greater receptivity to foreign influence and investment. The ease of importing our culture from the United Kingdom or the United States reinforces this tendency by reducing the pressure on Canadians to develop their own cultural distinctiveness. In these circumstances, foreign investment has had substantial opportunity to shape and influence the Canadian environment. Looked at from the point of view of the United States investor, the openness and lack of cultural distinctiveness reduce the

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