

well as the Canadian-owned firm could move into some of these export markets. In return we would have to give up some of our protection on the domestic side.

The first thing Mr. Chairman, would be to have a good register of information on this which, as I say, I have been trying to get the government to do for a long time. Then, obviously, the next thing to do is to get an agency which will use this as an instrument of Canadian industrial policy where necessary to negotiate into foreign markets."

In view of the developments which have taken place since the Ilsley Report in 1960, and the increasing dependency of Canada upon foreign technology, it would appear reasonable to take another very careful look at the nature of our laws respecting patents and other intangible technological property to make certain that these laws are in fact in the interest of Canadians. The Committee understands that these laws have been referred for review to the Economic Council of Canada. Such reviews should include consideration of the conclusions of the Ilsley Commission with reference to the points mentioned above and particularly the three options now open to Canada referred to at the beginning of this section, as well as the restraints resulting from licensing arrangements referred to by Professor Safarian.

3.15 *Economic Advantages and Disadvantages of American Ownership—General* The economic advantages and disadvantages of foreign investment and ownership have been described at length in the Watkins Report and need not be repeated here in detail. The advantages include the large capital inflows that are required, in addition to available Canadian savings, for Canadian resource and industrial development, the important contribution of advanced technology, highly developed managerial and administrative skills, production techniques and financial and marketing skills, the expansion of productive employment and exports and the access to expanded or new markets. Evidence given by Professor Safarian to the Committee also indicated that foreign investors often possess a different and greater capacity for risk-taking which results in the development of projects unlikely to be undertaken by Canadian investors.

Professor Safarian suggested that the difference in risk-taking capacity, which appears to be of vital importance, reflects a variety of factors such as the size of the firm, the degree of vertical integration, the pooling of many special, managerial and technical skills and the access to capital of the multi-national firm. In his opinion it might also reflect very fundamental social and psychological factors which determine the extent and quality of entrepreneurship. These factors might include the lesser social mobility in Canada as compared to the United States, the much lower formal education of managers in Canada as compared with the United States or the failure to develop an efficient merchant banking system—partly due to the fact that for a century Canadian commercial banks were limited by law to commercial banking activities with emphasis on the security of loans and deposits. Finally the relatively small size of the Canadian market might itself limit the development of Canadian entrepreneurship competitive with that of the United States.