

FOOTNOTES

- * A research study to fulfill contractual arrangements with the Department of External Affairs, Government of Canada. Greg Meredith provided valuable research assistance and stimulating discussions. Liabilities for errors rests exclusively with the author.
1. In each case we assume that the United States agrees to the Canadian choice. Thus, we do not consider either bargaining or United States policy options.
 2. Armen A. Alchian and Harold Demsetz, "Production, Information Costs and Economic Organization," in Economic Forces at Work: Selected Works by Armen A. Alchian (Indianapolis: Liberty Press, 1977).
 3. Managerial commands or directives are economic devices for co-ordinating or allocating productive inputs within a firm. They are supplemented by other non-economic social devices such as ethical values, team spirit, and company loyalty.
 4. John McManus, "The Theory of the International Firm," in The Multinational Firm and the Nation State, Gilles Paquet ed., (Don Mills: Collier-MacMillan, 1972).
 5. Quoted by Orville John McDiarmid, Commercial Policy in the Canadian Economy, (Cambridge: Harvard University Press, 1946) p. 186.
 6. Herbert Marshall, Frank A. Southard Jr., and Kenneth W. Taylor, Canadian-American Industry (New Haven: Yale University Press, 1936) p. 149.
 7. Effective tariff protection differs from nominal tariff rates by taking account of the tariff protection on imported inputs. This provides a more accurate measure of the protection to domestic production.
 8. Subject to three qualifications. First, our conclusions are for relationships between the national patterns and need not hold for individual sectors. Second, our evidence is for the rate of tariff protection and the stock of foreign ownership. There might be a closer relationship between changes in the rate of tariff protection and the flow of foreign ownership. Third, non-tariff barriers have not been considered.
 9. This section predicts changes in the overall level of foreign ownership. Section 3 predicts changes in the form of foreign ownership.
 10. Michael Hart, "Some Thoughts on Canada - United States Sectoral Free Trade," the Institute for Research on Public Policy, Essays in International Economics (Montreal, 1985) p.19.
 11. Don J. Daly, "Canadian Management: Past Recruitment Practices and Future Training Needs," in Highlights and Background Studies Max von Zur-Muehlen ed., (Ottawa: Canadian Federation of Deans of Management and Administrative Studies, 1979).