

prise if the foreign investments analysis (as well as any other measures the Department of Industry, Trade and Commerce has in mind for the future) were to lead to the conclusion that present policies should be modified or that a specific industrial "strategy" must be worked out if we want Canada to derive maximum benefit from the foreign enterprises in our midst.

It will not be an easy matter to enforce the terms of the bill once it becomes law. This point was stressed by a number of the organizations presenting briefs to the Standing Committee. It must be added that the screening agency's task will not be simplified if the time allowed the Government for coming to a decision is reduced from 90 days to 60. The result would be that the agency's staff would have to be increased, and this in no way constitutes a guarantee of success. Some of the provinces have not been overly enthusiastic regarding the bill, and doubts have even been expressed as to its legality under the Canadian constitution. It will not always be easy to decide what is an "unrelated" activity and the definition adopted will have little meaning in the case of modern "conglomerates". The exclusion of businesses already being carried on in Canada is warranted only for reasons of convenience and, since most of the increase in foreign ownership and control comes from such businesses, their

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exclusion will probably mean that the objectives of the bill will not be attained. The limits (total assets and sales) adopted for reviewing the acquisition of a Canadian business by a foreign enterprise are probably too high to prevent a goodly number of small but especially promising Canadian businesses from being purchased by foreign enterprises when they reach a decisive stage in their growth.

This list of weaknesses in the bill and difficulties that may be encountered in enforcing the act is far from complete. The work done by the Standing Committee on Finance, Trade and Economic Affairs gave rise to some 2,200 pages of testimony and discussion in which further examples may be found. Space does not permit us to make a detailed analysis of possible difficulties, which should not, however, prevent the Government from legislating on the matter. It is a complicated problem, but it is certainly not the only problem to present a high degree of complexity in contemporary society. If governments had to wait until every possible question had been cleared up before adopting legislation, very few laws would see the light of day. Under the circumstances, the most we can hope for is that the legislator will do the best work possible and keep a sufficiently open mind to amend the act if experience should show that it is not without its deficiencies.

... There are two fundamental requirements for a more satisfactory fit between multinational corporations (MNCs) and Latin America, at least until the day when there are international guides and controls which are needed . . . .

The first is for the MNC to know its own interests clearly and to have the capacity to arrange them in order of their priority. It then is necessary for the MNC to align its priority interests with the needs of the change process in the local (Latin American) country . . . .

The second, and related, requirement for perfecting the fit between MNCs and host countries is that the political order in the host country be sure of its interests and that it be able to speak with confidence and authority on behalf of those interests. For its confidence and authority to be reliable over time, it needs to be broadly acceptable and responsive to the change taking place within its jurisdiction. There are many formulas, democratic and otherwise, for the development of such a political order . . . . The friendliness of a political order is not as important as its

clarity of purpose and reliability . . . .

... The multinational corporation must be seen not primarily as property owned by a few in the rich world, to be conducted according to the . . . . principles of take what you can now and run.

Rather, the MNC must be cast as a world system which derives revenue according to its ability to serve world needs. The demand needs in the rich markets of the world are perhaps fairly clear. The needs and interests in the poor producing countries must be made just as clear. The MNC in this way becomes a link, perhaps primarily an interest-organizer, clarifier and server, its functions being political and social as well as economic. Where the political and social order is strong and clear, its task is simpler; where it is not, it must find ways of making it so. No short cuts for a quick buck will do; they will inevitably kill the goose . . . . (Excerpts from article by George C. Lodge, professor, Harvard Graduate School of Business Administration, as part of symposium on multinationals in less-developed countries, published in *Foreign Policy*, fall 1973).