



CANADA

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## CANADA'S USE OF FOREIGN CAPITAL

Trade and Commerce Minister Robert Winters recently told the Forty-second Canadian Purchasing Conference in Montreal that there was no evidence that foreign-owned subsidiaries acted against Canada's national interest.

Foreign capital had brought great benefits to Canada, Mr. Winters said. It was up to the Government to ensure that this continued to hold true.

"Foreign ownership is part and parcel of the growing trend toward the large multinational corporation," Mr. Winters declared. "This is a fact of life which, if accepted, and used properly can bring great benefits. Whether or not it is used wisely in the economic programme of the nation depends upon the extent to which the Government defines the rules of the game."

"In the final analysis, it does not matter very much who owns the capital — it is the use to which it is put that counts," the Trade Minister said, "and this is a field in which the Government can be the determining influence."

### SIZE OF FOREIGN STAKE

According to Mr. Winters, Canada had always been heavily dependent on foreign capital for its rapid economic development, and foreign interests now had a total stake of \$33 billion in the country's economy. Half of this investment took the form of direct ownership of shares of Canadian enterprises, accounting for three-fifths of Canada's manufacturing and mining and three-quarters of our petroleum and natural gas industries, Mr. Winters added. More than three-quarters of this foreign ownership was in the hands of United States residents he said....

### FOREIGN OWNERSHIP AS DEBT

Of the suggestion that this foreign ownership constituted an unmanageable debt, he said: "While recognizing that any inflow of capital creates a debt (and, in our case, it is substantial), I must point out that interest and dividends paid abroad amount to only about 2 per cent of our gross national product — a third of what it was during the 1930s. And, on a per capita basis, Canadians invest much more heavily in the United States than Americans do here."

### POLITICAL CONTROL

Of the suggestion that multinational companies could be used as instruments of political control by a foreign government, Mr. Winters said: "...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."

### CONFLICT OF INTERESTS

Regarding the suggestion that subsidiaries of foreign firms acted according to their own interests and against Canadian economic interests, Mr. Winters pointed to the results of a study by his Department, based on replies of foreign subsidiaries to letters spelling out the principles of good corporate citizenship and asking for further information on the operations of the larger foreign-owned companies. The survey had received a tremendous response, the Minister said, and revealed that the larger foreign-owned subsidiaries in Canada sold the same pro-