

export-oriented and others selling only in the domestic market, some highly-integrated internationally and others conducting a separate and independent line of activity.

Because of the widely-differing nature of foreign-owned companies and the diverse circumstances affecting their operation, it is hard to establish rules or objectives equally applicable to all. Even so, a particularly heartening feature of the overall response to the "Guiding Principles" programme is the extent to which it displays widespread and genuine acceptance, on the part of these companies, of the underlying meaning and purpose of the Principles.

Given a co-operative and constructive attitude on the part of foreign-owned companies, and particularly management of the foreign concern, there is nothing in the nature of foreign ownership which need thwart the tremendous contribution to Canada's sound growth emanating from foreign participation in the nation's development. In fact, it is sobering to contemplate what the standard of living of Canadians and, indeed, the character of our nation, would be now, had there not been here a friendly climate for foreign investment. That is the other side of that coin.

We must recognize the tremendous contributions which foreign-owned enterprises make to Canada's development. In addition to providing needed capital funds, this direct form of investment brings to Canada managerial and technical know-how which would not otherwise be so readily available. Many of the foreign-based enterprises in resource fields have been developed to supply affiliated companies, thus contributing a greater degree of market stability than is normally possible in the marketing of basic materials. Then, again, in today's increasingly interdependent world, the international company affords a ready-made means to the international specialization often necessary to achieve greater productivity and expanded trade opportunities. The automotive programme forcibly illustrates how foreign affiliation can be adapted to contribute to more efficient and productive industries through rationalization of operations on an international basis.

The positive features associated with the participation of international companies in Canada's development could be even greater in the future than in the past. Yet, the greater the potential contribution of these companies, the greater is the need to face realistically and constructively any difficulties arising from foreign ownership of Canadian industries. In these circumstances, it seems to me, the sensible approach to foreign investment is to set a course which will make full use of the positive and constructive features of international companies while minimizing the risk of restrictive tendencies which may arise from external decisions affecting Canadian companies.

However, as I emphasized in Montreal last month, recognition of the contribution of foreign capital to Canada's economic development is in no way inconsistent with the need for greater domestic participation. Canadians will reap a larger share of the proceeds of industrial development to the extent that we participate more fully in the creation and ownership of industry. The important thing to realize, however, is that greater Canadian participation is not apt to be achieved through restrictions upon foreign investment. The proportion of our new development which can be carried out with internal resources is determined first by the pace of development and, secondly, upon how we Canadians choose to use our resources and our energies and the proportion which