

- equalization of opportunity;
- social and geographic mobility;
- ideological opposition to state intervention (except for protection from "unfair" competition);
- use of the employer-employee relationship (e.g., collective bargaining) rather than general legislation to achieve certain social goals;
- skill training;
- growth and expansion of output;
- exploitation of resources as soon as discovered;
- technological advance;
- planned obsolescence;
- product innovation and differentiation;
- increased consumption through mass marketing techniques, including want creation and "hard-sell" advertising if necessary; emphasis on packaging and branding.

This is not to suggest such precepts and values would not have developed in the absence of such investment.

Some of the less desirable aspects often attributed to United States corporations should, in the opinion of some, be attributed largely to the impact of modern technology. However, as pointed out above, it is for all practical purposes impossible to distinguish the impact of these two forces because they are almost always associated with each other. Be that as it may, technology tends to be a great leveller. It has little interest in preserving distinctive national cultures. Quite the reverse; it tends to erode national cultures. Technology is based on the value of efficiency and efficiency tends to minimize and obscure cultural differences, for significant differences require local adaptations and raise costs. This is not to say that efficiency is the only value embodied in technology. Technology is developed in a particular milieu and tends to reflect certain other cultural values. For example, technology developed in the United States seems to place greater emphasis on rapid innovation and change and the satisfaction of peripheral wants, which are more often deliberately created in the United States than appears to be the case in Europe. This seems to be especially true in manufacturing sectors dominated by United States multinational companies. Compare the engineering and design and the rate of change in these two factors of a Chevrolet on the one hand and a Volkswagen or Volvo on the other.

This is not to say that Canada should

opt out of technological society, but rather that if technology is developed for a foreign market it is likely that the use and adaptation of this technology to meet local cultural demands will be minimized. If technology is in Canadian hands (e.g., indigenously developed or even imported through licence rather than at the initiative of the foreign direct investor), the chances are greater that its use will be adapted to the needs of the Canadian milieu.

Another important characteristic of the foreign investor, particularly if he is an MNE is his marketing power. This marketing power may be based in part on economic factors, such as superior technology or marketing skills, but it may also be based on non-economic factors such as product differentiation, packaging and branding.

The large investments required in the creation of new technologies and new products means that corporations must

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*In Labrador City to inaugurate the Churchill Falls power project, Prime Minister Pierre Elliott Trudeau told newsmen who questioned him about foreign investment that in his opinion most Canadians would prefer to keep their present standard of living even if it is largely due to foreign investment.*

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assure markets for them by spending vast amounts on advertising to create the wants and formulate the tastes, in the absence of which financial disaster could result.

The product is thrust upon the consumer in all media. This marketing approach is particularly effective in Canada because of Canada's close proximity to the United States, the cultural similarity, and the existence of advertising spill-over. A "product image" often exists in Canada even before a dollar is spent on advertising here.

Since a significant number of foreign controlled companies operating in Canada lack some of the decision-making powers and activities of a normal Canadian controlled business enterprise, their activities can be described as "truncated". Some of

the decision-making powers normally reserved to the parent relate to business expansion—including the decision to produce a new line, the raising of equity and other forms of long-term debt, research and development—including product innovation, and all the planning and organizational functions of the multinational enterprise. In some instances other decisions, such as those relating to the procurement of goods and services and exporting, are also taken by the parent. Truncation, of course, affects more than the scope for decision-making in foreign controlled companies. The activities associated with these strategic types of decisions may also be concentrated in the parent organization. The degree of truncation in each case will vary with the nature of the industry, the personality and strength of Canadian management, the corporate philosophy of the parent, and the position of the Canadian subsidiary in the company's global organization.

The exercise of vital entrepreneurial functions by the parent, with the consequent truncation of entrepreneurial activities in the Canadian subsidiary, has adverse effects not only on Canadian economic development, but also on Canadian society in general. Truncation means less challenging jobs for the Canadian techno-structure, which must frequently look to the United States for more challenging job opportunities. If you want to be on the ninety-fifth floor, with global horizons, you must go to New York; the highest one can go in Canada is the fifty-fourth floor. But the effects of truncation go beyond reducing the number of challenging jobs for the relatively small group of Canadian entrepreneurs and managers. The under-development of the Canadian techno-structure has adverse social and cultural effects in that the "spill-over" benefits resulting from the interaction of these "brains" takes place not in Canada, but abroad. Truncation also tends to engender a mentality of the second best, with horizons and vision constantly centred on headquarters abroad. It represents a continuation of the colonial mentality described above. This attitude is manifested in many ways, such as the preference for finishing a youth's education by sending him or her to Oxford, Harvard, the London School of Economics or the Sorbonne, rather than in Canada. It is manifested in the difficulty of recruiting top quality foreigners for business or our universities because of the general view that the best opportunities exist not in Canada, but abroad, where