

the fear of reprisals would be such that some Canadian companies could be expected to become Americanized rather than comply with such a policy.

Diversification - seen as an extension rather than a substitution - is not easy. Europe uses strong measures to protect itself against the importation of foreign technologies and blocks joint ventures with Canadian sources. It is extremely difficult to negotiate with the Europeans, particularly the French, without having the division of benefits turn into a one-sided arrangement where the Europeans reserve jobs, production and marketing for themselves. Their system of protection goes beyond GATT provisions, no longer consisting of tariff barriers or even non-tariff barriers (such as the policies applied brutally on occasion by the French), but simply of what one Canadian businessman and exporter has termed "chauvinism." "If it was not invented here, it is no good," or "We will buy the prototype, but only to discover the secret."

Meanwhile, despite the hundreds of protectionist bills passed by Congress, the American market remains open. Still better, the Americans are willing to sell foreign products to themselves and a number of specialized agents are prepared to support Canadian exports in the various regions.

This absence of political and cultural barriers and our common language still make the American market irresistible, particularly for small Canadian companies. Consequently, the problem will remain to take a serious look at:

- the possibility of a free trade zone;
- bilateral deregulation to give our firms continued access to both investment and imports and exports.

At the same time, the lack of qualified administrators and especially market-oriented managers greatly increases the demand for American managers trained by the large multinationals.

"Although no quantitative evidence ... is possible, what scanty evidence there is appears to confirm the common belief that most h.t. entrepreneurs get their start as spinoffs from established h.t. companies."