

As for such safeguards, Professor Rotstein in his testimony recommended that the Government establish a special agency in Canada to co-ordinate policies with respect to multi-national corporations which are now being dealt with separately by a number of government departments and agencies. He emphasized that we needed substantially more information than is collected at the present, that we must continually review licensing agreements with the aim of reducing restrictions to the minimum, that market sharing and international commodity agreements must be examined and that taxation procedures must be reviewed to prevent hidden tax evasion.

On the other hand, Mr. George Ball, a former United States Under-Secretary of State, in his testimony before the Committee contended that multi-national corporations had certain advantages or potential advantages.

“Extraordinary developments, particularly since the Second World War—the quick transport of people and goods, instant communications, computers and new sources of material and energy—all these have brought into sharp relief what was already beginning to emerge during the earlier part of the Twentieth Century—the awkward conclusion that the nation-state is no longer an adequate or even a very relevant economic unit.

Men from the earliest times have pushed their caravan routes across national boundaries, buying and selling, in search of profits. But with the invention of that ingenious fiction, which many now inelegantly call the ‘multi-national corporation’, our entrepreneurs no longer confine their efforts to producing goods at home which they sell abroad. Great corporate enterprises now range the world, buying raw materials wherever they can be procured most cheaply employing labour wherever it can be found at the lowest cost, constructing plant facilities wherever they can be built and operated most efficiently, and deploying all of these factors of production with substantial flexibility on the basis of business decisions made less and less in terms of national market and increasingly in terms of the world economy.

To an extent, of course, you will recognize that what I described overstates present reality. It is more the unspoken goal toward which great corporations are moving than their present realization of that goal. Yet enough companies have moved far enough down that road to make it clear that our political engineering is out of phase with the needs and achievements of our modern industrial society.

Viewed in its larger implications, the useful improvisation we call the ‘multinational corporation’ is more than a device by which men make money; it is a social and political instrument of first importance. As more and more multi-national corporations evolve towards the archetype I have described, they will, for the first time, make it possible for mankind to use our finite store of world resources with maximum efficiency in accordance with the universal standard of measure, which is profit.

The speed and extent to which the multi-national corporation fulfills this implicit promise will depend upon how intelligently men are able to adjust the activities—and indeed the concept—of nation-states to the insistent requirements of the complex industrialized world into which we are rapidly moving. Today, the life of every worldwide company is deeply troubled by the constant need to reconcile the demands of govern-