

Our earlier study examined most of the key decision-making areas in an effort to determine whether the fact of foreign control resulted in different decisions - e.g., marketing procurement, personnel, location, product lines, research and development, support to charitable and community activities and other areas. Here, the findings, if a little more explicit, were also cautious. Again, the behaviour patterns were so varied as between different companies as to defy generalization. Areas were identified where, because of their global or continental nature, the behaviour of a foreign-controlled enterprise differed from that of a Canadian-controlled company. Examples were cited where this led to policies and practices with identifiable adverse economic effects for Canada.

Paradoxically, we found that the policy or practice in question often had a double-edged effect, with both advantages and disadvantages experienced at the same time. Let me cite a few examples to illustrate this observation. But, before doing so, I would like to offer one overriding comment which I believe establishes the right framework within which particular cases may be appraised.

I quote from our earlier study:

"The key to an evaluation of the effects of foreign direct investment (as of investment generally) is the overriding consideration of maximizing profit. This gives to private economic decision-making a fundamental unity of purpose that transcends the various geographic locales in which the decisions are made. Companies operating in more than one country may be expected, in the long run, so to respond to market demands and cost considerations as to maximize their global profit."

This, after all, is a basic proposition derived from economics. It is too often forgotten in the heat of emotional discussion on the subject of foreign ownership and control. In the main, it has been borne out by empirical investigation. It conforms broadly to my own experience in dealing with both foreign and Canadian-controlled corporations.

In the field of personnel policy, senior management posts are often filled by carefully selected officers from the parent company. Often this is done on a rotational basis as part of the overall training policy. Such a system provides management skills of a higher quality than would be available if the choice were confined to Canada, and this no doubt contributes to the efficiency and growth of the enterprise. But it also means that senior personnel drawn from home base often regard their posting in Canada as a stepping-stone and, as a consequence, do not integrate fully into the fabric of Canadian business and cultural life. It also means that we are rather slower in Canada in developing a sufficient number of top-calibre managerial and entrepreneurial personnel so vital to industrial efficiency and progress.