



Bulletin

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ECONOMIC NATIONALISM

The following passages are from an address by the Secretary of State for External Affairs, Mr. Mitchell Sharp, to the American Management Association in New York on February 3:

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As one of those who supports liberal trading and investment policies, I find no contradiction in supporting some limitations on the operations of foreign-controlled corporations in Canada. I would see grave dangers, for example, in United States domination of the Canadian banking system, for in any country domestic control of the banking system is a central instrument of economic policy. I would see grave dangers in permitting our daily newspapers, many of them in a semi-monopoly position, to be controlled by non-Canadians. I feel the same as so do my fellow Canadians about television and radio networks and stations.

As a Canadian, I am equally and quite legitimately concerned when a foreign government tries to use its home-based multinational corporations as a

means of implementing its own foreign or domestic policies. That is why, for example, Canada has taken the strongest exception to the efforts of the United States to apply its Trading with the Enemy Act to Canadian subsidiaries of United States corporations, and to apply its anti-trust legislation extraterritorially.

I submit, therefore, that if irrational ideas and policies about foreign investment are to be successfully resisted there must be acceptance of the need to meet legitimate concerns of this kind, concerns shared by many who want, first and foremost, to preserve a liberal environment for investment and trade.

Multinational corporations are not the old merchant adventurers – the East India Company that ruled the teeming Indian sub-continent for nearly 200 years, or the Hudson's Bay Company that for so long controlled the empty vastness of Northwest Canada. They performed tremendous feats of adventure and accomplishment but along a narrow front of economic exploitation of local resources. Moreover, in their own territories they were a law unto themselves.

To operate effectively, today's multinational corporations must be broadly-based and flexible in their approach, ready to tailor their operations to local conditions, local sensitivities, and local needs. Obviously they must work within the laws of the host country – more than that they must identify with and contribute to the aims and priorities of the host country.

Many corporations have acquired a good deal of sophistication in coming to terms with the varying and often conflicting circumstances they face. But many have yet to grasp the basic implications of multinationality, continuing to be more imperialistic than international and treating their foreign operations as colonial outposts of the home office.

It is well over a century since the East India Company supplied its sepoy's with pig's fat to grease

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