

In commenting on the response to the principle, I should first point out that the "Guiding Principles" were not intended as rigid or mandatory rules but rather as a recommended course of action designed to help foreign subsidiaries achieve appropriate complementarity with the basic interests and objectives of the Canadian community. Companies with consistent records of earnings and dividends to their parents are being asked to have it as a desirable objective to offer stock in their Canadian operations to the public as one way of achieving greater identity of interest with the Canadian community. No company which has not achieved the status where it could issue a prospectus sufficiently satisfactory to prospective investors should be expected to offer shares to the public.

Some companies have indicated their intention to work toward a public-stock offering, and others, to keep the feasibility of such a step under review.

#### Public Information Makes for Better Management

The guide-line proposing periodic publication of information on company operations also gave rise to numerous reservations on the part of the subsidiaries wholly foreign-owned. Most of these companies took the position that their responsibility in this regard is to their shareholders and, moreover, that, unless their competitors also published, they would be making available information that would harm their competitive position. At the same time, in the interest of a better understanding of the workings of our economy, and improved decision-making in both the private and public domain, there is a growing need for and trend toward additional information on individual company performance.

I personally believe also that the availability of equity and/or disclosure of information has a bearing on the efficiency of management. One of the problems of a company that does not publish is that management does not have an opportunity to be judged or recognized by the financial community for the results achieved. Good management takes pride in its results and responds to the opportunity to disclose them. One president of a wholly-owned company told me some time ago that being sheltered from public scrutiny tended to make him feel he was living in a vacuum. In my own business days, I was a strong believer in the merits of periodic publication of results.

I am, therefore, pleased to report that, following the issuance of the "Guiding Principles", a number of foreign-owned subsidiaries have started publishing periodic financial statements on their Canadian operations. This exemplary and far-sighted action will, I hope, encourage other companies to follow the same course.

Looking at the full range of information provided by foreign-owned subsidiaries, in the form both of replies to the "Guiding Principles" letters and of the questionnaire returns, one impression which stands out is the tremendous scope and diversity of the participation by foreign enterprise in the Canadian economy. These enterprises extend over the full spectrum of economic activity, from primary producers to highly-integrated manufacturing complexes, and from distributive organizations to investment holding companies. The companies themselves fall into many different categories -- new and long-established, large and small, some with a long history of profitable operation and others encountering losses, some generating funds in excess of their own needs and others heavily dependent on capital from their parent, some largely