

Mr. Tyaack described to the Committee the experience of Westinghouse Canada Inc. in persuading its parent to assign it world product mandates. In his brief to the Committee, he wrote, "We would categorically state today that if a subsidiary can play a role in the worldwide activities of the multinational firm it will be more productive, and provide a better return on investors' money than it would were it to remain a branch plant". (1-32-16A:2)

With regard to the government's role in encouraging foreign multinationals to assign world product mandates to their Canadian subsidiaries, Mr. Tyaack told the Committee that Westinghouse Canada Inc. had availed itself of government grants to make its proposals for world product mandates look better than they otherwise would have, and had persuaded its parent to accept its proposals over four other possibilities the parent was considering at the time. Dr. Smith went further and argued that "World product mandates can be encouraged by making them obligatory if companies wish to do business with the government, or if companies wish to obtain some other advantage of the Canadian system". (1-32-3:15)

The Committee concluded that multinational enterprises can make a major contribution to Canada's economic growth and that government policy should be designed to promote this objective. **The Committee supports government efforts to encourage foreign multinationals to assign world product mandates to their Canadian subsidiaries.** However, a major incentive would be the reduction of trade barriers through international negotiation. Providing that trade can move freely, it will be in the interest of multinational firms to promote specialization within each combined company through the use of world product mandates and other similar arrangements.