

Inferior managerial skills have been attributed to Canadian management. The average Canadian manager tends to be older, to have moved through the ranks more slowly, to be less well-educated and generally less experienced in comparison with foreign managers.¹¹ Canadian managers also tend to adopt new production techniques more slowly than foreign managers.¹² Hence, the managerial skills in the four priority sectors must considerably exceed Canadian norms for sectoral free trade not to induce increased foreign ownership of Canadian industry. In standardized assembly-line production processes Canadian managerial skills are probably comparable to American skills, so the the level of foreign ownership is unlikely to change as a consequence of sectoral free trade. The computer services industry is a new industry characterized by diverse production processes and management techniques. Consequently, the implications of sectoral free trade for levels of foreign ownership are uncertain.

The implications of functional free trade for the level of foreign direct investment depend upon how functional areas relate to production processes. Functional free trade has been defined in terms of removing trade restrictions resulting from "government procurement or contingency protection measures such as emergency safeguards and countervailing duties",¹³ This definition of a functional free trade agreement suggests that it would encompass bilateral reductions in governmental non-tariff barriers. Governmental non-tariff barriers are usually imposed to ease transitory labour market adjustments resulting from permanent changes in import and export patterns. In recent years non-tariff barriers have been imposed to ease the re-allocation of labour from mature "smokestack" industries that cannot meet foreign competition. A functional