

However, there are other considerations besides those of pure economics. Virtually every nation has adopted some form of foreign investment control designed to serve its investment needs and aspirations. In the United States, for example, there is an extensive network of foreign investment regulations and policies administered by some twenty agencies at the federal level. A foreign investor is not eligible to own a house in Indiana, a chicken farm in Connecticut or a mine in Alaska. In the UK, the Monopolies and Mergers Commission has effectively blocked certain forms of foreign investment. In Germany, the State has reacted on an ad hoc basis to forbid foreign participation in many of its industries. Often, these restrictions on foreign investment have been subtle and most have been in existence for decades.

Canada established foreign investment guidelines, in a open comprehensive way, fairly recently with the Foreign Investment Review Act (FIRA). FIRA was designed to permit the federal government to review certain forms of foreign direct investment to determine whether they are of significant benefit to Canada. I would emphasize, however, since its inception FIRA has functioned more as a screen than as a barrier to foreign investment, and is non-discriminatory as to the country of origin of foreign investment. This is illustrated by the fact that in excess of 90 percent of foreign investment applications have been approved.

The need to control the investment climate in Canada, as in so many other countries, arose in large part from the growth of transnational corporations. I think it is important, in reviewing the growth and influence of these kinds of corporations to state that in my own view transnationals are neither the impediments to economic development nor underminers of national sovereignty that their detractors would have us believe. At the same time I do not believe that they are our best hope for overcoming world poverty and building a global society, as their most ardent proponents argue. They are, however, undoubtedly the largest, most efficient, technologically advanced and internationally adaptable enterprises available to us. As such, they have a potentially significant contribution to make in the North-South challenge.

Transnational corporations account for a large and growing proportion of world production, research and development, employment and trade, and their managers allocate capital