

phenomenon, namely, the spread of the 'multi-national' corporation in the world today. Therefore, the significance of the Canada experiences is far wider than its immediate effects on Canada. We are in a sense a DEW line, a distant early warning system for most of the countries of the non-Communist world, who are increasingly facing precisely the same situation, precisely the same problem.

One instance, or one recent figure that bears out the validity of our approach, I believe, is the fact that in 1968 the production abroad of all multi-national corporations outside their home country was in the order of 300 billion dollars. . . Together, the production abroad of these corporations is now the third largest economy in the world, second only to the domestic production of the United States and Soviet Union. There have been various forecasts of the rate of expansion, all of them have now been exceeded. The rate of growth of the multi-national corporation is phenomenal.

It is estimated by one of the leading authorities, Professor Behrman, that by 1987, these multi-national corporations will be producing one-third of the total output of all countries in the non-Communist world. If you think about that for a moment, you will realize that there are very significant political implications. . ."

It appears that the rapid growth of the multi-national corporations results from being in the more dynamic sectors of industry, that they generate capital funds more readily, that they develop young highly efficient and aggressive management groups and emphasize research and development.

In his evidence before the Committee, Professor Rotstein, indicated that a multi-national firm regulated only by ordinary market discipline in the competitive economy would naturally tend to pursue its own interests selfishly. Powerful as it was, it could manipulate marketing agreements, patents, trademarks, licence and management fees, pricing policies for components and final products, as well as implement its powers in deciding the location and extent of production and research facilities. A broader view of what was in the public interest of diverse countries would be unlikely to come from these unregulated multi-national corporations competing against each other.

The large multi-national firms often wield considerable "negotiating" power when confronting host governments desirous of the benefits potential investments can bring. Such power can be used to force concessions and advantages from governments, (for instance, from provincial and regional governments and economically-depressed areas in Canada), which negates some of the benefits associated with foreign investments. Another weapon in the hands of the powerful multi-national firm is the threat it can use of moving its plant out of the country if certain advantageous conditions are not accorded it. A domestic firm with no foreign affiliations does not have an equal negotiating power. Even a United States corporation with a branch plant operating in the Canadian market only has less bargaining power. A similar threat to move the plant or to close down can be used by the multi-national corporation against the bargaining position of the labour unions.

Professor Rotstein indicated that the multi-national corporations required supervision:

"...our primary task should be to stabilize a potentially explosive situation. To stabilize, we mean to prepare the proper safeguards for the protection of the interests of other nation states; some supervision of the activities of these companies."