

As populations have expanded, as technology has advanced, as economies have developed and matured, economic activity has spilled more and more across national borders. Here in Canada we are particularly aware of this trend, and of the international corporation which is its most significant symbol. As you know, the international corporation has its headquarters in one country, but typically it operates in many; its capital and personnel are likely to be multinational; it attempts to rationalize production and distribution throughout the area in which it operates and to which it brings the benefits of efficiency, knowledge and progress.

I am glad that Canadians have played a leading part in these developments and that several Canadian companies are prominent in the list of progressive international corporations of this kind.

However, we see another side of this coin, for Canada is also a leading site for the operations of many such foreign-owned companies. Let us make no mistake about it -- Canada has always welcomed foreign investment, it has been, and will continue for some time to be, essential to our economic development. The benefits to us are evident, but there are difficulties and dangers of which you will be aware.

Economic activity must necessarily take place within a framework of law. The natural tendency may be to assume that the law to which a corporation is subject at its headquarters also applies throughout the area of its operations. This can bring the laws and policies of one country into conflict with another. We have seen cases over recent years in which anti-trust regulation, in itself desirable, has encroached across national boundaries. More recently we have been involved in a profound difference of view as to the national interest in certain cases where attempts have been made to inhibit legitimate trade by foreign subsidiaries in Canada.

A nation must retain full control over its economic destiny if it is to survive, prosper and play its proper role in the world. It is for this reason that I have consistently taken the position that extraterritorial application of the law of another country in Canada was inconsistent with our national integrity and our national status, and was unacceptable to the Canadian Government. This position is, I think, well understood and is now generally accepted.

But the power to determine its economic destiny which a nation must have if it is to realize its full potential involves more than legal considerations. It involves also the degree of influence which Canadians have in the policy-making councils of the major corporations doing business in this country. For this reason, it is natural and proper for Canadians to be concerned about the increasing amount of foreign ownership in our economy.

You will be aware of what the Government is doing to meet and remedy the situation: to establish a code of good corporate behaviour for foreign subsidiaries here, and to encourage greater Canadian participation in companies which operate in this country. In achieving this second objective, the Canada Development Corporation will have an important role to play.