

to the latter, the effect is compounded by the well-documented subsidiary company characteristics prevalent in a large portion of Canada's industry. In the case of the brain drain, it is not the sheer numbers lost but the high quality of the exodus which hurts most.

6) The limited size of the Canadian market is a serious handicap in attracting new invention industries. Even in the case of Canadian inventions, under present conditions it would be against fundamental economic laws to chose Canada as the world base for such new industries, which are multinational by nature. This will remain true until Canada adapts and extends its current assistance programs and provides more effective incentives which could more than offset present handicaps and thus justify new industries setting up here.

7) In many fields Canada is a latecomer in joining the world-wide battle for technological supremacy. As such, in order to improve its chances of being successful, it must not only match but even excel in any incentive weapons it utilizes as compared to its competitors.

8) From the most fundamental point-of-view, Canada's most urgent need is an OFFENSIVE entrepreneurial new secondary industry based on new ideas, new inventions and novel technology effectively applied to the manufacture of new products and to a more aggressive expansion of Canadian exports into world-wide markets. In contrast to this, DEFENSIVE innovations geared to improve old technologies of existing industries provide smaller advantages; moreover, they are inherently more vulnerable in this world of rapid technological change.