

and more efficient export industries are partly or wholly owned by U.S. interests. Usually they are given a completely free hand in competing for export business, and it is not uncommon for them to be more successful than the parent company itself. In some cases, however, they are obliged to channel their export orders through the head office in the United States. It is discouraging to the Canadian export sales staff and to our Trade Commissioners overseas who have worked to win these orders to find that they have been diverted to plants in the United States.

This, of course, is all part of the problem of integrating U.S. subsidiaries more closely with the Canadian economy. My Minister recently suggested some ways in which this could be done, and I think it would be useful to repeat them in this forum.

They are:

1. Offering Canadians opportunities to buy equity stocks in the subsidiary companies operating in Canada.
2. Encouraging and training Canadian personnel to take an increasing part in the management and professional positions in subsidiary corporations.
3. Carrying out more research work and undertaking new development.
4. Promoting exports from Canadian plants.
5. Using as many Canadian materials and component parts in their Canadian operations as can be economically justified.
6. Doing more processing of Canadian materials before export, where this can be done on a competitive basis.
7. Giving local management greater autonomy in operating Canadian subsidiaries.
8. Encouraging branch plants to participate more fully in the life of their communities.

U.S. subsidiaries may feel that they do not have to work so hard in Canada as in some other countries to identify themselves with national aims and objectives. Actually they need to work harder. Because the executive of a U.S. subsidiary talks like us and largely thinks like us, we are surprised if he does not also share our pride in Canadian achievements and our belief in Canadian technical skill, managerial ability and workmanship. The U.S. subsidiary in Canada can play an important role in broadening and enriching the relationship between the two countries. The paradox, however, is that to do this, it must to some extent submerge its distinctively American character and become an integral part of the Canadian community.