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CANADA AND THE WORLD ECONOMY

Mr. Paul Martin, the Secretary of State for External Affairs, addressed members of the Vancouver Board of Trade on January 18. The following is a partial text:

...It is hardly necessary to emphasize to you, members of this city's Board of Trade, that the first responsibility for meeting the challenge of economic development in this country rests with private initiative and enterprise. Yet the role of government, and certainly the national Government, is vital if economic growth is to be maintained. Nowhere is this more true than in the field of relations between Canada and other countries.

One of the most striking features of the past few decades has been the extent to which the interests of nations have become interdependent. We have always, of course, been affected by the actions of others. But now the earlier simple and limited relations between states have given way to a complex and pervasive system of interrelationships which any government ignores at its peril.

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 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.

ECONOMICS AND LAW

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 national 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 extra-territorial application of the law of another country in Canada was inconsistent with our national in-