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INFORMATION DIVISION . DEPARTMENT OF EXTERNAL AFFAIRS . OTTAWA, CANADA

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ternational market place. We are also very much aware of the potential opening up for Canadian experiers in the Sovial	duing to meet and demedy the situation to establish a chain obigood correctly behaviour for foreign sub-
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TOOD fall, I was able to observe at hist nend ing winds of change which are stirring, and in proculat to note the more flexible and decentralized tech niques of sconomic management which are being adopted. Canadians must be alive to the opportunit	country of the achieving this vecoud objective and the Canada Development Corporation will have an time apriantable to play evode set tell year bloods will holocome and to the day when we will no longer year all indectain and to the day when we will no longer
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reclanques it we are adapted for our products in these state-trading countries in speaking of the challenge of economic development, I have referred to the vital role which the rederal Covernment is called on to play in the WORLD ECONOMY CANADA AND THE economic development. There is now emerging a

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.

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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. country's andustry and to exercise greater in

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 antitrust 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, The Ca

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