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lines were widely regarded by subsidiaries of U.S. firms, including those in Canada, as applying to them. The Canadian government thus found itself in the position of having to remind Canadian corporations of the responsibilities of their corporate citizenship. Later, the U.S. guidelines were made mandatory. We were, in fact, able to negotiate important exemptions for Canada from the U.S. guidelines and these exemptions were highly valued. But the criticism remains that we were in the position—unacceptable, I think, to Canadians generally—of having to negotiate with a foreign government about what would be appropriate practice for Canadian firms located in Canada.

"I don't set out these matters because of any negative attitude toward our neighbour to the south," Mr. Gray said. "In my view, if we consider the extra-territorial application of foreign law to be unacceptable for Canada, such application should be equally unacceptable, whether or not we agree with the domestic or foreign policies of the government from which that law originates."

And he concluded saying he thought the best of both worlds is possible: the need for continued capital to sustain a high rate of growth, and the need for Canadians to dictate how that growth—"including the development of our identity"—should proceed.

A Huge New Company to Buy Canadian

A corollary to controlling foreign investment in Canada is stimulating Canadian investment in Canadian-controlled firms. Last month Finance Minister E. J. Benson introduced in Parliament legislation on the Canada Development Corporation, designed to do just that.

The Canada Development Corporation would be funded initially by the government, but eventually by private investors. Its stated purpose: To help develop and maintain strong Canadian-controlled and Canadian-managed corporations in the private sector; and to provide greater opportunities for Canadians to invest and participate in the economic development of Canada.

As proposed, it would be a large-scale source of capital to create major new enterprises, and to strengthen existing Canadian-controlled firms. It could also join other corporations in acquiring existing companies "where competitiveness may be improved by merger, amalgamation, or other corporate arrangements." And it is intended it will acquire the government's interest in a number of existing firms.

CDC investment in companies will be large, generally more than $1,000,000, and will be aimed at ensuring Canadian control. But the CDC will not seek direct operating control of the companies.

A Finance Ministry paper said: "The CDC arrives at a time when large international companies are playing an important and expanding role in the economic development of many countries, and when Canadian companies must be able to compete at home and abroad by combining management and technical skills with financial size and strength.

"Able and experienced entrepreneurs will direct the Corporation's operations to areas of critical importance in economic development—to high technology industry, to resource utilization, to northern-oriented companies, and to industries where Canada has special competitive advantage."

As envisaged in the legislation, the CDC will not be a government agency directly-held (Crown) corporation, responsible to Parliament, although any changes in its structure will require the approval of Parliament. The proposed legislation calls for the CDC to be capitalized at $2,000,000,000 with all of the voting stock owned by Canadian citizens and residents of Canada. The government hopes to reduce its share to 10%, and no one citizen or group will be able to hold more than 3%. Common shares probably will be offered at $5, in the hopes of selling them as widely as possible.

For more information on the CDC, write this office, address on page 12.