

SUMMER
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NATIONAL AND GLOBAL
PERSPECTIVES
NATIONALES ET MONDIALES



Canadian
BUSINESS
LEADERS
speak



les
chefs
d'entreprise
CANADIENS
s'expriment

BUSINESS COUNCIL ON NATIONAL ISSUES
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE

Corporate responsibility, especially with respect to children and youth, is a subject on the minds of many of Canada's chief executives. This issue of *Perspectives* features excerpts from several speeches on this topic, looking at why and how corporations can contribute most effectively to social goals in the 1990s, and how to ensure that such activity builds shareholder value as well.

Other excerpts, drawn from speeches given by members of the Business Council on National Issues in April and May, look at the process of restructuring in both the public and private sector; the impact of technological change and of regulation; the issue of global climate change and what is at stake for Canada in current international talks; and ideas for success in international trade. This issue closes by returning to the topic of Canadian unity and its relevance to our success as businesses and as a society.

La responsabilité de la communauté des affaires, particulièrement en ce qui a trait aux enfants et aux jeunes, est un sujet qui préoccupe plusieurs chefs d'entreprise du Canada. Ce numéro de *Perspectives* comprend des extraits de discours qui explorent cette question et qui expliquent pourquoi et comment les sociétés peuvent contribuer le plus efficacement possible à atteindre certains objectifs en matière sociale dans les années 90, et s'assurer qu'un tel engagement profite aussi bien aux actionnaires.

D'autres extraits de discours donnés en avril et en mai par les membres du Conseil canadien des chefs d'entreprise offrent un point de vue sur la dynamique de la restructuration dans les secteurs privé et public; l'impact des changements technologiques et de la réglementation; la question des changements climatiques ainsi que les enjeux pour le Canada dans le contexte des négociations internationales en cours; et les recettes gagnantes pour le commerce international. Ce numéro se termine avec la question de l'unité canadienne et son importance quant au développement de nos entreprises et de notre société.

DAVID STEWART-PATTERSON
EDITOR/RÉDACTEUR



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Working together for youth

May 21, 1997

For Canadian businesses, globalization means more opportunities to market Canadian produced goods and services abroad. But, it also means that in Canada virtually anyone from anywhere can challenge Canadian businesses and the jobs they create.

Old and new companies alike, of every size and kind, have had to adapt to new technologies and new ways of working to remain competitive and meet the rapidly changing demands of their customers.

This is not all bad news. While many old jobs have disappeared, new, better paying jobs are being created. But, these require greater skills and are not open to those without adequate education and training. The problem of the mismatch between the skills required and the skills possessed by many people is compounded by a much higher labour force participation rate. For those without the right skills, the future is one of low-quality jobs that do not pay well and have little permanence.

The situation is worsened further as Canadian governments at all levels continue the necessary but painful process of reducing expenditures and their labour forces -- a traditional source of entry-level jobs.

As a result, the last five years of economic growth have not improved the job prospects for youth. The loss of full-time jobs for young people is becoming entrenched not only in Canada's economy but in the economies of much of the industrialized world. (...)

High youth unemployment has a destructive impact on the economy. It takes billions in spending out of the economy. It costs us

billions more in lost production. It adds to the burden of welfare and social assistance. Inadequate jobs for young people result in a lost investment in education.

It is clear we are in a difficult period of transition from an economy driven by industrial production to one driven by knowledge. Economic transitions have taken place before in history, bringing both economic benefits and disruption.

In the long term, the benefits of the global, knowledge-based economy will enrich the human experience just as did the invention of the steam engine, electricity and modern medicine.

We can be optimistic that the problem of youth unemployment and underemployment will not last forever. However, it will remain a serious and urgent issue for some years to come, as we progress from the industrial age to the knowledge economy. That is why we need to act now to attack the problem, to ensure that those most affected do not become a lost generation.

Unfortunately, there are no quick fixes. But, I believe many small steps can be taken which will eventually defeat this problem, especially if we apply ourselves diligently, learn from each other, and work together.

A. L. FLOOD
CIBC



Contributing what we do best

April 30, 1997

Ten years ago, when we employed slightly more than 40,000 people worldwide, ten percent of our employees were focused on R&D. Now, when we have more than 68,000 people, 25 percent are technology employees:

- We have an extensive hiring program across Canadian universities. Over 700 new graduates joined our company last year, for a total of 2,400 over the last four years. Indeed, in 1996, we hired one out of every three of Canada's Masters and Ph.D. graduates in electrical engineering and computer science.
- More than 2,000 intern and co-op students join us in Canada each year. Many are eventually hired as permanent employees when they graduate from university.
- We're also a charter member of Career Edge, the initiative spearheaded by the private sector that's helping young Canadians get established in the job market.

We're proud of our record in employment, job creation, and contributing to the Canadian economy. This, I believe, demonstrates good corporate citizenship. But global corporations have social obligations that extend beyond the payment of taxes, employment of people and provision of goods and services. (...)

More and more business people realize they have a role to play in developing the skilled, motivated people Canada needs to ensure our continued prosperity.

A shortage of skilled employees is emerging in several sectors of the economy, including telecommunications. This trend, along with the critical need for a competitive workforce in the future, goes a long way to explaining the shift in priorities towards education in corporate support for Canadian communities.

The jobs being created today demand the ability to access and exchange information. They demand the ability to acquire and apply theoretical and analytical knowledge. They require a different approach to work and a different mind-set. Most of all, they require a habit of continuous learning and personal renewal.

Those requirements underpin Nortel's long-standing commitment to education. We're committed to contributing to the development of effective, high-quality educational systems in every region where we operate.

The collaboration of business and education is a major focus for us. We work to promote the partnership of business, educators, and governments to expand educational opportunities. (...)

Canada has been good to Northern Telecom. We do our best to repay and maintain that support in a mutually beneficial fashion and in a balanced way for all our stakeholders. The notion of putting something back into Canada is at the heart of our commitment to corporate citizenship in this great country. That goes well beyond funding good causes and supporting community-service organizations, as important as they are. (...)

Nortel's corporate responsibility -- and the character of our corporate citizenship -- is focused. We believe we can contribute most effectively in those areas we know best and where our interests converge with the segments of Canadian society we work with most closely. We hope to be able to do so for many years to come as a healthy, growing, global technology player with a strong and dynamic Canadian presence.

JEAN C. MONTY
NORTHERN TELECOM LIMITED



Making sacrifices for our children

April 10, 1997

I believe -- and this increasingly is the view of thoughtful people who examine our society -- that of all the issues facing Canadians, poverty, and most especially child poverty, is one of our biggest challenges. (...)

Our role as business people is to help create the highest possible quality of life for the greatest number of people in our society. We do that primarily by creating highly successful, growing enterprises which create jobs, tax revenues and wealth for distribution across society. These successful enterprises in turn deliver high value to our customer.

In my view, accelerating our social progress isn't so much a matter of spending more money but rather, one of improving how public policy, the private sector, our schools and our social service agencies work together with parents and children to deliver improved results. (...)

In the underdeveloped world -- in countries such as Brazil, Indonesia and China -- the shortage of a basic infrastructure, including reliable electrical power, drinking water and transportation, usually sets the limits to economic growth.

My view is that in Canada, one of our chief limiting factors is the education levels attained by our citizens. (...)

Obviously, there is no one magic answer. But I do know that throwing massive amounts of public money at such problems has not worked. For example, in Canada we spend 7.6 percent of GDP on education and in the United States 7.2 percent -- both are well above the OECD average of 6.5 percent and Japan's level of 5.1 percent. Yet we are not getting high quality results in either Canada or

the United States for our money. We need to focus our spending more sharply.

In an earlier era, our forbearers believed that education was the key to a prosperous future. And they made great sacrifices to ensure that all their children had much better education than they themselves had enjoyed. I believe we need to return to that value and give it much greater emphasis.

J. EDWARD NEWALL
NOVA CORPORATION



Tough targets work for all

April 25, 1997

I wouldn't want this focus on financial goals to suggest that the company places any less value than it ever has on creating things for better living; on offering safe, challenging and rewarding work for our employees; on delighting our customers and helping them grow; on maintaining challenging environmental standards; and on making a meaningful contribution to both our immediate communities as well as Canadian society as a whole.

We are committed to playing an active part in creating a better world for all Canadians. And we believe that our governments are doing some of the right things to create a climate for growth to achieve the same goal. Nevertheless, to be in a position to meet the needs of all our stakeholders, we must set and reach challenging financial targets which our employees understand, support and benefit from.

ARTHUR R. SAWCHUK
DUPONT CANADA INC.



The noble challenge of responsibility

May 27, 1997

I look at corporate responsibility, not as a problem, but as a necessary and noble challenge to us all. I suggest it's something that should be bringing us out of our corner offices if we are inclined (as some people believe) to cower in them. I, for one, have no wish to be seen as part of some elite lot of chief executives so distanced from the realities of the world that I lose my ability to lead effectively.

Similarly, and this is a major point, I have no wish to pursue the latest management philosophy ... in this case, corporate responsibility ... simply for its own sake, simply because someone told me I must. As a chief executive, it has to make common sense to me. It has to be good for business and good for the people who work for the business.

And you can look at that in one of two ways ... you can look at it in terms of benefits or, as I've already implied, in terms of consequences. (...) According to research conducted by Angus Reid last year:

- Twice as many Canadians think corporations have become less responsible to their employees and their communities than the other way around.
- Three out of four think we should be legally obligated to provide retraining and job-search assistance to people we lay off.
- And most Canadians do not believe laying people off is a necessary business reality. More than half believe if we are profitable, we should not be laying off our employees. Such behaviour is wrong. And we should be penalized if we do it, by paying higher taxes, for example.

I think you'll agree that there are consequences, both measurable -- the prospect of increased tax loads -- and somewhat intangible -- a growing consumer backlash toward companies who are, or who are perceived to be, poor corporate citizens. If we need to be pushed in the direction of corporate responsibility, then these are some very compelling reasons to do it.

And there is one other, and that is the need to stay competitive in an increasingly competitive world. Yes, we do occasionally reduce the size of our workforces to control our costs with a view to staying competitive for the long term. But if we disregard the economic health of our communities or the expectations of our various stakeholders, then we breed nothing but animosity, animosity among those who we rely on to help us grow. And that is counterproductive. (...)

Do not expect society to understand the rationale for the business decisions you make... no matter how sound they might be ... if those decisions are not perceived to be in society's best interests, or if you are perceived to be so distanced from your stakeholders that you do not understand their perspective any better than they yours.

It's an age-old and quite simple solution. Communicate, cooperate, cultivate and create. Communicate means listening. Cooperate involves understanding. Cultivate encourages support and mutual understanding among everyone involved. In this way we can create relationships which are based on interdependence, not dependence.

ERIC P. NEWELL
SYNCRUDE CANADA LTD.



Demain appartient à la créativité*Le 15 avril 1997*

Nous passons d'une économie fondée principalement sur le capital à une économie fondée sur la créativité et le savoir-faire. Le moyen d'obtenir la connaissance et le savoir et la capacité de les transformer en savoir-faire ne sont plus le privilège des grandes entreprises qui autrefois disposaient, plus que les autres, des moyens de se payer les indispensables ordinateurs et systèmes d'information et de communication.

Cette époque est bien finie. De nos jours, n'importe quelle petite entreprise et je dirais, à la limite, n'importe quel individu peuvent jouir pratiquement des mêmes avantages que les grandes entreprises. La prolifération des PME et des travailleurs autonomes et leur importance dans l'univers économique et la création de la richesse, démontre assez clairement que nous ne sommes plus au bon vieux temps où les grosses compagnies ou les grandes organisations occupaient tout l'espace économique. (...)

Ce qui se passe autour de nous n'a rien de prévisible et de mécanique. Le monde économique se comporte plutôt comme un milieu organique. D'ailleurs le système de l'économie de marché est organique et cultive l'imprévisible. Parlez-en aux économistes qui essaient tant bien que mal de rationaliser l'interaction des nombreuses variables qui bougent tout le temps. La réponse qu'ils vous donneront aujourd'hui sera différente de celle de demain parce que l'évolution continue de courir sans se retourner et surtout sans indiquer la direction exacte qu'elle prend et qui est toujours nouvelle. Les météorologues font le même métier.

Il faut, je crois, adopter une gestion organique pour réussir dans le monde aussi vivace que vivant qui nous entoure. On choisit comme mode de vie de s'adapter à tout moment. Et

pour y arriver, ça ne peut venir que de la reconnaissance rapide des phénomènes observés autour de nous et de leur propension à muter et à se transformer.

Dans une entreprise, par exemple, chacun des employés a pour mission première d'être à l'affût de ce qui bouge autour et qui touche le cœur même de son travail. Son rôle est de réagir et de s'adapter aux forces qu'il observe dans son environnement immédiat. Or si, dans un service donné, chaque employé s'adapte ainsi, le service entier évoluera dans le même sens. Et la somme de toutes les forces que subissent les services totalise celles que subit l'entreprise dans son ensemble. Une entreprise ainsi gérée ne subit pas l'environnement mais s'y adapte. Elle devient un jardin d'acclimatation.

CHARLES SIROIS
TELEGLOBE INC.

**The most crucial investment***May 1, 1997*

All successful businesses continually improve themselves, and that necessarily involves the careful reinvestment of capital. Over the past three years we have reinvested more than a billion dollars in Imasco's businesses.

We are also investing in our people at all levels. We will not achieve our business goals unless we ensure that employees are as well armed as they can possibly be to successfully carry out company plans and fulfil their own career aspirations.

BRIAN M. LEVITT
IMASCO LIMITED



La transformation du gouvernement*Le 22 avril 1997*

Je pense que le gouvernement du Québec doit procéder très rapidement à une transformation en profondeur de la façon dont les services sont rendus en ayant comme but unique de mieux servir les citoyens. Et attention, je ne parle pas ici de réingénierie à l'intérieur d'un ministère ou d'une société d'état des programmes pris dans leur ensemble.

Je ne parle donc pas de rationalisation au sens courant! Le gouvernement du Québec a déjà imposé à tous ses ministères et sociétés parapubliques de sabrer radicalement dans leurs dépenses au cours des dernières années. Il a sans cesse exigé davantage de travail et d'engagement de ses employés.

Personnellement, je crois que les administrateurs dans les ministères, les professionnels et les employés de l'état en grande majorité ont fourni et fournissent des efforts considérables. C'est même extraordinaire ce que ces gens parviennent à faire dans le cadre actuel avec les contraintes qu'ils subissent dans les structures rigides qui les emprisonnent.

Si on veut améliorer les services aux citoyens, il faut sortir de ce carcan. (...)

L'Alberta, par exemple, a complètement refondu toutes ses opérations de registrariat concentrant au sein de guichets uniques tous les services exigeant l'inscription des citoyens et des entreprises, incluant l'état civil, les permis de conduire, l'immatriculation, l'enregistrement immobilier et la santé. Un citoyen, pour requérir à ces services ne s'adresse qu'à un point de service.

Cette province a obtenu des gains de productivité de 50 pourcent!

Tous les gestionnaires aguerris familiers avec les technologies de l'information vous diront que de telles réformes, si elles sont bien articulées,

garantissent une amélioration radicale des services à la population. Les gains de productivité seraient substantiels.

Ces économies, ou une partie de ces économies, pourraient être réinvesties dans ce qui, j'en suis convaincu, est le plus urgent si l'on considère la transformation encore radicale de l'économie mondiale.

SERGE GODIN
LE GROUPE CGI INC.

**The automation of mining***May 12, 1997*

You may not think of mining as a high-tech industry, but increasingly it is. Mining is undergoing a technology revolution, and Inco is helping to lead the way.

We were one of the first companies to use remote-controlled equipment to improve the safety and productivity of our underground mines. We are now engaged in developing the world's first totally automated underground mine.

Operating a mine entirely by remote control from the surface, without any miners working underground, is a technological challenge equivalent to sending men to the moon. We already have some of the necessary elements of an automated mine in place, and we are developing others. This will not occur overnight. But when it does, it will be an historic breakthrough for the mining industry, offering tremendous advances in safety and productivity.

MICHAEL D. SOPKO
INCO LIMITED



All good things are difficult

May 7, 1997

Not very long ago, many Canadians feared that for the first time in Canadian history, their children would not have the same opportunities or the same standard of living they had known. Today, we can see that Canada's children, the first of what might be called "the global generation", will experience a wholly new richness of choice and opportunity. Technological advance will not only raise their incomes, it will transform their lives by permitting the invention of new, hitherto undreamed of things made in new, hitherto undreamed of ways. They are truly standing on a limitless frontier.

These are bright prospects. But, and this is a crucial point, they did not just happen by chance, or because the gods decided to smile on us. Our growing prosperity as a nation, a more hopeful outlook, and the economic fundamentals on which they rest are the results of major decisions, which when taken were highly unpopular in many quarters. (...)

Ten years ago, the few voices pointing out the dangers of our swelling mountain of debt were truly crying in the wilderness. Those making speeches on our debts and deficits could expect to be called "economic terrorists" or some similar label! The first time it happened to me that was a bit of a shock, but now I take it as something of a compliment. (...)

I remember as a child the Christian Brothers (where the master's job was to try and drum a little Latin into my head) saying to me over and over, *omnia bona dura est*, all good things are difficult. Well, it would be difficult to find a better example of that ancient tag than Canada in the 1990s. While it is true that we had help from external factors, we also took hard decisions, we underwent traumatic change and today, we are beginning to see the rewards. If we can stay the course, I can say with certainty we will see many more of them.

MATTHEW W. BARRETT
BANK OF MONTREAL



Now for the "three scourges"

May 29, 1997

Canada has made remarkable progress in recent years as the effects of economic restructuring begin to take hold. A successful battle against inflation; the passage of the Canada-United States Free Trade Agreement and subsequently the NAFTA; the long overdue rollback of public sector deficits; the rationalization of government operations; the improvement of private sector productivity performance -- all have contributed to vastly enhancing Canada's image as a global economic performer.

The World Economic Forum days ago rated Canada fourth in overall competitiveness, up from 16th in 1994. Today, only Hong Kong, Singapore and the United States rank ahead of us. Adding to this international endorsement and looking to the future, the respected Economist Intelligence Unit recently placed Canada as the world's third best country in which to do business in the period 1997 to 2001. And international financial markets have given Canada a vote of confidence -- bond yields across the maturity spectrum are now below those in the United States.

Despite this solid progress, major problems persist. Until they are conquered, Canadians will not achieve the maximum benefits of growth and job creation. They are high levels of public debt, high levels of taxes and high levels of unemployment. For the BCNI, these are known as the "three scourges".

THOMAS P. D'AQUINO
BUSINESS COUNCIL ON NATIONAL ISSUES



Catching up to customers

May 13, 1997

Our customers are telling us that as they ... or their circumstances ... change, so do their needs. Increasingly they are looking outside the life insurance industry to have these needs satisfied. (...)

As our customers become more wary, we are seeing another change in them -- and that is that they are becoming more informed. They are arming themselves with financial knowledge by reading books and attending seminars. And they are beginning to demand fuller disclosure and clear written explanations. In short, they want proof that they are receiving good value. (...)

Consumers have come to expect their provider of financial services to possess a high level of technological expertise. This is a real problem for the life insurance industry, which has tended to treat technology expenditures as something to be minimized. I don't think it is uncharitable to say that as an industry, we have not been progressive in using technology to enhance either customer service or producer productivity. We are definitely in catch-up mode. (...)

The good news is that governments are cutting back on the services they provide and increasingly encouraging citizens to look after more and more of their own financial needs. The good news is that customers want and value personal advice. They need people like you and are prepared to pay professionals like you to take them through the complexity in their personal financial affairs.

DOMINIC D'ALESSANDRO
MANULIFE FINANCIAL



Regulating change is pointless

April 21, 1997

Technology and growing consumer acceptance -- not regulation -- created all those banking machines. Technology and growing consumer acceptance -- not regulation -- created telephone banking, PC home banking, stored value cards, electronic data interchange, automatic cheque processing and, of course, the Internet. Technology and customer acceptance -- not regulation -- means that by the year 2000, Royal Bank's customers will be doing 90 to 95 percent of their routine transactions electronically.

In fact, because of technology and customer acceptance, banks have created a whole new economy, a whole new economy in which they are in the vanguard of change. (...)

As things now stand, about 55 percent of our sector's services are exportable or can be imported. Examples include credit cards, corporate finance, securities and currency trading, mutual fund management and payroll processing. More areas will follow as the proliferation of electronic systems permits the delivery of local services, like insurance and banking, from remote locations.

While this increases the potential for Canadian jobs to move to other jurisdictions, it also creates the opportunity to attract foreign jobs to Canada -- if our regulatory climate encourages this trend. It's uncertain if this will mean net job gains or losses, but the decisions will be based on the international competitiveness of the industry, not the ability of companies to insulate themselves from competition, in Canada or abroad.

JOHN E. CLEGHORN
ROYAL BANK OF CANADA



Canada's global climate challenge

April 7, 1997

I am really concerned when I think of how Canada may respond to a current challenge of major proportions to our environment and to our economy. I am referring to this issue of global climate change, and the pressure on governments around the world to do something about it. Here, Canada could set itself up for economic misfortune if we take an arbitrary approach based on adopting politically attractive positions, without regard for the economic costs. (...)

The international community is meeting in Kyoto, Japan, this December to agree on legally binding targets for greenhouse gas reduction and measures to enforce those targets. Such measures could result in penalties, such as trade sanctions, if commitments are not met. (...)

Canada is particularly vulnerable to across-the-board targets. We are one of the highest per-capita energy users in the world. But we are by no means inefficient energy users. Our economy has a high proportion of energy-intensive industries, such as resource extraction, often consuming energy here to produce products for use in other countries. Our vast distances require energy for transportation. And we need to keep warm in winter. Our greenhouse gas emissions are high on a per-capita basis, and rising on an absolute basis due to an expanding economy fuelled by exports and a growing population boosted by immigration.

Stabilizing or reducing emissions within Canada will be tough. And even if we succeed, the impact on the overall problem will be small. Only two percent of the world's man-made CO₂ originates in Canada. (...)

Canada's top priority should be to achieve differentiated targets that recognize Canada's special circumstances, including our export-

driven resource-based economy, our cold climate, our vast size and our growing population. We must oppose across-the-board targets which will damage our economy and our competitive position. Our negotiators must fully understand the economic consequences of the proposals under discussion, and not accept an agreement that would hurt Canada disproportionately and put us at a competitive disadvantage.

JAMES M. STANFORD
PETRO-CANADA



Governments taking too much

April 28, 1997

Forest industry returns, generally, are far from acceptable, and this is particularly true in British Columbia. The partnership of government and industry has seen the pendulum swing much too far in favour of the government.

Government revenues from our industry are at all-time highs, while the returns to shareholders are modest or even negative. Governments have not only taken too much of the revenue, but they have also increased costs significantly through over-regulation. The combination of the government take and the cost of regulation has seriously eroded the industry's competitive position, and it must be corrected before more damage is done.

I believe we may be through the worst of this, and if the next step beyond recognition of the problem is an attempt to correct the situation, then indeed there should be grounds for some optimism that our outlook will improve. I believe this to be the case.

PETER J. G. BENTLEY
CANFOR CORPORATION



Keys to success in Asia Pacific

May 13, 1997

Let me make a few observations about “the rules of the game” and what it takes to be successful in Asia Pacific:

First, when companies approach Asia Pacific, they must start by clearly defining the added value or niche product or service they intend to sell. What technology, product or expertise do you have that cannot be accessed locally? Just because you had success in Canada, does not mean they need you over there! (...)

A second observation is that if you do have something special to offer to the markets of Asia Pacific, you better be prepared to make a long term commitment to the region. In our case, we committed to China, India and South East Asia more than 40 years ago. (...)

Third, it is essential to focus your efforts geographically. You can't really speak about Asia Pacific as one market. It is many very different markets, with unique cultures, varying degrees of economic development, legal systems, etc. Depending on your business, it may be necessary to “go local” and commit to countries with local offices and locally hired employees -- and this presents new costs and challenges. (...)

Finally, effective partnering can be the key to building success in Asia Pacific. Local partners or subcontractors can be essential ingredients in winning project work. Financial partners, in the form of international financial institutions, private financial partners and financial advisors are increasingly important in my business as we offer our customers complete, financed project solutions.

ALEX TAYLOR
AGRA INC.



Understanding Asia's complexity

May 13, 1997

First, we recognize that each country has differences in starting points, in economic structure and in social intensity, and thus we set our policies and goals that are consistent with each individual country's priorities.

Second, we intensify our efforts to promote projects to develop the infrastructure and basic industries. We bring in new and innovative technologies and skill sets which host countries need to support their growing economy.

Third, we strengthen alliances with Canada and other partners. Canadians are so often more respected than Americans, not to mention Japanese. We also regard the so-called overseas Chinese and other Asian groups as important partners.

Economies in Asia have also been alternating between growth and stagnation like a pendulum. Such a growth oriented economy with inflation creates a problem of social disparity, which may become a possible seed for political conflicts. Each country in Asia Pacific has its own complexities. We witness many problems with Asian business too. The business landscape is replete with the wreckage of companies that were prematurely over-committed to transitional situations.

The more difficulties and more world complexity we have, the more we must harness the experiences, facilities and creativity of those who have already shown success. This is the only way to ensure that the measures chosen are ones that will achieve real benefits relative to their costs.

KITARU SATO
MARUBENI CANADA LTD.



A challenge to weak governance

May 26, 1997

It's hard to imagine anything positive coming out of a fiasco like Bre-X other than now and then it is useful for speculators to get burned so that the focus reverts to solid value investments. But I've been heartened to see some excellent suggestions for reform coming out of the fray. (...)

I'm more convinced than ever that our large institutional investors should be insisting on good corporate governance as an explicit criterion when choosing companies to include in their portfolios. I say governance should be an issue in every investment decision they make. Where they find weak governance, they should challenge it, and challenge it effectively. Challenge the chairman. Challenge the CEO. Challenge the directors! First privately and then publicly.

When evaluating a company's directors, look for values such as strength of character, an inquiring and independent mind, practical wisdom, mature judgment and relevant international track record. Remember, the primary responsibility of directors is to enhance shareholder value. They're there for competence. They're not there as representatives of various special interests. We have other bodies in society for that. (...)

It's important to be aware that historically, Canadian companies have under-compensated their boards. Insidiously, that state of affairs promotes the attitude that the work of boards is not all that important, more honorific than anything else. Maybe that was largely true, once upon a time. But that attitude is dangerous when you are competing in a global economy. Our big international competitors aren't so sanguine about their directors.

Being an effective director in this day and age requires a person of exceptional competence who will assume substantial responsibilities and

risks. Done right, it requires a substantial investment of time. And not only must it be done right, but it must be seen to be right. Investors are entitled to know boards' credentials.

J. EDWARD NEWALL
NOVA CORPORATION



Growing through competition

April 24, 1997

The prolonged -- and sometimes painful -- period of restructuring triggered by events of the early 1990s is behind us. The way ahead is clear. It is time to get on with the job of growing our businesses and generating adequate returns for investors. (...)

That said, we must recognize that we are operating in a competitive environment which is constantly evolving. Accordingly, there are a number of external issues that need to be addressed by Alcan and other aluminum producers. First and foremost is the need to enhance the image and role of aluminum as "the material of choice". (...)

Image is important here. But it is also imperative to ensure that aluminum remains cost-competitive with rival products. That means labouring relentlessly to drive down the metal's cost. We must work together as an industry to make certain that aluminum measures up as the material of choice in all regards -- to capitalize on both the environmental and economic benefits inherent in its use.

JACQUES BOUGIE
ALCAN ALUMINIUM LIMITED



Unleashing the entrepreneur within

May 12, 1997

As a number of multinationals are burdened by overweight, we must be more alert to warning signs, within our businesses, of creeping bureaucracy.

We must all be relentless in stamping out the sort of behaviour which stifles entrepreneurship, initiative and growth of our people as managers and leaders.

Diversified corporations have an added opportunity to nurture an entrepreneurial culture: they can assign managers to various tasks, divisions, groups, countries, tolerate their errors and allow them to grow as they hone their skills.

A second challenge has to do with attracting and retaining talented people.

I happened to discuss this recently with one of our division heads: an entrepreneur who built a prosperous small business, and then chose to sell and switch to a management job with us.

He was both colorful and ecstatic. He had done it, he said, with the thrill of a child entering a candy store.

He went on to differentiate entrepreneurs who get their kicks mostly out of money from those who are passionate about developing business.

As one of the latter type, he was all praise about a framework that allows for initiative, errors, a balance of freedom and responsibility in decision-making.

He ended up comparing himself to a professional baseball player who can now concentrate on the upcoming game, no longer having to upkeep uniforms and equipment,

throw the equipment into the big duffel bag, carry it to the bus, buy his own ticket and play on the ungroomed diamond of the small neighboring village!

I found that to be a pretty good illustration of how a spirited entrepreneur can adapt to the ways of a transnational company.

LAURENT BEAUDOIN
BOMBARDIER INC.



Diversity's global advantage

May 2, 1997

People are the key to a successful global company. Unless you have people capable of working with other countries and cultures and who value the diverse talents and thought processes a global organization offers, a global corporation will not succeed.

In today's industry, economic and demographic considerations demand that corporations attract the best talent available, and ensure an organizational environment that works comfortably for all employees, regardless of how similar or different they may be.

Thus at General Motors, one of our primary goals is to bring greater diversity to the makeup of our staff. We truly believe that a diverse workforce is a competitive advantage because it allows a company to better understand the customer -- its entire diverse customer base -- and tap into the potential of all its human resources.

V. MAUREEN KEMPSTON DARKES
GENERAL MOTORS OF CANADA LIMITED



Un avenir nourri par l'espoir*Le 30 avril 1997*

Le Canada et BCE jouissent tous deux d'une excellente réputation à l'étranger. Je me demande souvent pourquoi nous ne nous voyons comme les autres nous voient, comme un pays privilégié et comme un peuple qui a créé une des sociétés les plus prospères et pluralistes de la planète.

Sur la scène du commerce international, tous ces éléments rehaussent l'image de marque du Canada, atout fort précieux qui nous vaut l'admiration et le respect du monde entier.

Partout dans le monde, les gens aiment faire des affaires avec nous. Nous sommes perçus comme des partenaires fiables, des fournisseurs de produits et services de qualité supérieure, des entrepreneurs ingénieux et des gens de confiance d'un pays privilégié.

Une double attitude s'impose à cet égard: nous devons cesser à la fois de nous déprécier et de tenir nos privilèges pour acquis. Un pays existe d'abord et avant tout dans le cœur des gens qui le composent, et il nous incombe à tous de le préserver.

Je crois qu'en tant que Canadiens, nous avons d'excellentes raisons d'envisager l'avenir avec optimisme. Après une transition difficile, notre conception du rôle des différents paliers de gouvernement a changé. Et nos gouvernements -- fédéral, provinciaux et municipaux -- ont pour leur part pris des décisions difficiles qui permettent d'assainir les finances publiques.

Le Canada est aujourd'hui un pays vigoureux, dont les perspectives économiques n'ont jamais été aussi prometteuses en 25 ans.

BCE est un élément de cette vigueur financière et de cet avenir prometteur, et elle est attachée à Montréal, au Québec et au Canada.

Il ne s'agit pas là d'allégeances divisées et incompatibles. Au contraire, c'est la source de notre force -- la force de BCE -- et de celle des collectivités dans lesquelles nous vivons et travaillons. Nous ne pouvons relancer le rêve canadien à moins de trouver une façon de rapprocher les Canadiens les uns des autres.

Nous avons besoin d'une vision pour le prochain siècle, non d'un remède pour le siècle dernier. Quand je parle aux jeunes, c'est ce qu'ils me disent. Ils sont en quête d'un avenir prometteur nourri par l'espoir, non par les doléances, inspiré par la confiance, non par le cynisme.

L. R. WILSON
BCE INC.

**Opposing separatism***May 22, 1997*

Some have suggested that business leaders are too timid in their rejection of separatism. Personally, I do not hesitate to speak my mind on this issue.

I oppose separatism because it feeds on a revisionist view of history. I oppose it because its economic promise bears no relation to reality. I oppose it because its leaders have misled Quebecers. I oppose it because it threatens the stability of Quebec and Canada.

The vast majority of Quebecers are not separatists and it is with them that we must work to help build a great Canada for the 21st century!

THOMAS P. D'AQUINO
BUSINESS COUNCIL ON NATIONAL ISSUES

