ownership taken over by foreign firms that apparently did not hold the philosophy of economic welfare held by indigenous French firms

Countries Desiring To Rid Themselves of Colonial Status

Particularly among those nations that have recently achieved an independent status, the presence of foreign-owned business firms raises the question of whether political freedom will once again be subverted by foreign economic domination. These nations often prefer some diseconomies if they can own and run their own facilities without help from abroad. Behrman lists as reasons for this suspicion of foreign business on the part of the newer nations (1) seeming "exploitation" of national resources particularly in extractive industries, (2) the draining of investment income for a long period while the initial investment was concentrated in only a few years, (3) need for constant remission of earnings even in times of foreign exchange difficulty, (4) unrealistic earnings, services or prices of goods provided by parent company, and (5) apparent distrust of nonnationals.[3]

Countries Motivated by Strategic Considerations

In some countries, the dominant motivation for regulation of foreign business tends to be a somewhat old-fashioned concern over maintaining strategic control over industry in its own hands. Sometimes this is defense motivated, and sometimes it is a realization that the country gains particular power from certain industries. Often such attitudes are inherited from earlier times when such considerations could be more easily justified. Britain, for example, does not allow foreign control over domestically based merchant marine and passenger fleets. France has been much concerned about the ownership of facilities to produce armaments and computers, as well as the foreign acquisition of food plants in one of her most fertile regions.

Banking bears an unusual position in this classification of strategic industries for, while it is difficult to make the case that a country's resources might be diminished by the noncontrol of its banking facilities, in time of war it would certainly be difficult if an important segment of its banks were in unfriendly hands. Accordingly, it is occasionally found that limitation on the extent and type of foreign banking has in its background strategic considerations. To some degree Australia's position on foreign banking may be strategically motivated.

Countries Desiring To Protect Existing Institutions

In most fully developed countries with functioning money markets, the case for allowing the entry of foreign banks in order to satisfy unmet needs for finance is relatively weak. Strangely, these countries frequently are those permitting the greatest freedom of entry to foreign banking. Among such countries, however, there is likely to be a greater appreciation of the reciprocity problem as well as some allegiance to the principle of freedom of commerce which is accompanied by recognition of the desirability of providing financing institutions specifically for foreign trade. In Britain, for example, there are

[3] J. N. Behrman in Mikesell, Raymond F., ed., *U.S. Private and Government Investment Abroad*, Eugene, Oreg., 1962, pp. 180-1.