

dian control. If this happened to a couple of the very large ones involved, it could sharply reduce the foreign control ratio for mining.”

The Committee is also concerned about the fact that foreign citizens and companies are purchasing large parcels of Canadian recreation land—such as waterfront and beach properties; lakes; fishing and hunting areas; mountain areas;—to the extent that in some areas recreation properties are not available to Canadian citizens. As a result of this growing problem the Committee recommends that all government agencies take steps, within their jurisdiction, to maintain recreation property for Canadians. In particular the National Parks Commission and the Historic Sites Commission should give this problem immediate attention.

*3.32 Canadian Participation in Ownership* The Committee considered carefully the suggestion that at least 51 per cent of the voting shares of all Canadian companies should be owned by Canadians.

To impose an inflexible requirement that 51 per cent of the voting shares of all Canadian companies be owned by Canadians would require a very large amount of Canadian capital which the Committee believes is not likely to be available for many years, it might also involve a massive misallocation of scarce Canadian capital resources, it might tend to reduce the inflow of foreign capital and the knowledge, techniques, skills and markets which often accompany such capital, and might restrict desirable resource and industrial development.

Nevertheless, the Committee recognizes that as a general rule it is desirable that Canadians should control Canadian companies by owning at least 51 per cent of their voting shares, particularly in the important sectors of the economy where American control is now most highly concentrated, and that we should move toward this goal as rapidly as capital requirements and other relevant circumstances permit.

One of the guidelines issued by the Canadian government in 1966 to foreign dominated companies obligates foreign-owned Canadian companies to have a financial structure which provides opportunity for equity participation by the Canadian public. The Committee believes the time has come to extend this guideline to provide clearly that it is the general policy of the Canadian government that all companies operating in Canada shall, over a reasonable period of time and with due regard to varying circumstances, including availability of Canadian capital, permit at least 51 per cent of their voting shares to be owned by Canadian citizens. In any specific case where there is not reasonable compliance with the guideline the Governor in Council should have authority by regulation to make the guideline mandatory.

In addition voting procedures should be such that Canadian shareholders will have the right to elect a number of directors which shall be proportionate to the total voting shares of the companies owned by them, and that, in any event, the majority of the directors of such companies shall be Canadian citizens.

*3.33 Inducements to Compliance* The Committee recommends that vigorous efforts be made by government to assure compliance with the guidelines. Specifically, in any review of tariff changes and before any government grant, export assistance or contract is made written advice should be obtained from the