

of inflow may or may not be in the national interest. The Government wishes to ensure that it is. The purpose of the Government's legislation is, therefore, to ensure that this kind of capital inflow will only be approved when a particular take-over will, on balance, be of significant benefit to Canada.

Broadly speaking, there does not seem to be great opposition to the idea that legislation for this purpose is appropriate. The criticism is rather that the legislation does not go far enough. What can one say to this? If there is general agreement that the legislation is sensible and timely, surely it should be adopted. For my own part, I would be reluctant to say what the next step in the evolution of the question of foreign ownership may be. Obviously what we are witnessing is a continuing process. In the past, Canadian Governments acted to protect particularly sensitive sectors from foreign take-over. Broadcasting, banking and newspapers are examples. On the positive side we have given encouragement through the tax laws to Canadian ownership. We have established the Canada Development Corporation and we are participating directly in oil and gas exploration through Pan Arctic. The provinces are moving on land ownership. Now we in Ottawa are taking another step which is fully justified on its own merits. This does not preclude us from further discussion. If past experience is any guide, we may well find that, at some stage in the future, measures which do not now command a national consensus, or measures which we have not so far even envisaged, will turn out to be the best way of serving national needs.

The Prime Minister has said that, if the provinces wish to supplement Federal legislation in this field with legislation of their own, they are free within their powers to do so. And some of them are. I have already mentioned provincial legislation on land ownership. This audience will be most aware, of course, of the legislation introduced last week into the Ontario Legislature which requires companies operating in Ontario to have a majority of resident Canadians on their boards of directors. This legislation would not conflict with Federal legislation. It does, however, represent a rather different approach to the foreign ownership problem. It is not an approach which the Federal Government has neglected. The studies which the Government authorized devoted a fair amount of attention to this approach to the problem.

Our conclusion in Ottawa was that to insist that the boards of Canadian companies should contain a certain proportion of Canadian directors fixed by law would not have high priority in achieving national objectives. Such measures unless they are part of a larger and more substantial package tend to be of symbolic rather than real significance. I do not deny the importance of symbols -- especially in an emotionally charged issue of this sort. But the Federal Government was aware that many foreign subsidiaries already have a high proportion of Canadians on their boards. It was aware that a firm required to alter the composition of its board by law might simply seek out passive directors. And it was aware that key decisions are often taken not by the board