

concerned about bringing American executives up here. I am, and I think it is a worthy objective. I am very much more concerned about our doing nothing to discourage the limited amount of top management we have in Canada from going down to the United States. That is the position into which we are rapidly getting ourselves.

While on the subject of equity I will mention that the minister talked about the banks. There is a provision in the Bank Act—and I apologize for not having it in front of me—which specifies the price at which banks can issue treasury shares. The result is, of course, that a bank issues treasury shares by means of rights. That is an option. It is a piece of paper a shareholder receives that says, "You may, within a certain time, buy these shares at a certain price." I have heard no suggestion that that formula is going to be changed in the new Bank Act. That price should be \$30 a share less than the market price. Is that taxed? Is that an inequity? That never happens in a commercial or industrial company.

Hon. Mr. Hugessen: Oh, yes.

Hon. Mr. McCutcheon: No, not that far below the market, senator; or, if it does the stock exchanges would take a very dull view of it. It is the law of the country that produces that, and yet you talk of inequities. What I am trying to say is that we should not, in relation to manpower, make ourselves any less competitive than we are.

This is not a fiscal measure, as Senator Leonard said and as the minister said. Somebody remarked, "Oh, but I do not have a stock option. Let us change this. This is far too generous." I do not have a Cadillac paid for by a company either, and I could complain about that. My plea is that we do not change today a device—I have not Mr. Meyer's quotation with me at the moment, but I read it before—which has been most effective in producing efficiency in management. By management I do not necessarily mean top management, but management going right down, let us say, to the retail store level, because many companies carry it through to that level.

This morning the minister said he did not realize how widespread this was. It just happens that because it is easy to amend section 85A he put the amendment through. I do not think he realized how widespread deferred profit-sharing plans are, which have a great similarity in their net result to stock options. But is there any legislation based on

the resolution about deferred profit-sharing plans in this bill? None at all, because the minister became aware of the fact that this was a much more complicated business than he thought.

There has been no demand for this type of legislation; it has no fiscal effect, and it should not go through.

Hon. John J. Connolly: Honourable senators, I did not intend to take part in this discussion, but apart altogether from the reasons behind the bill and including the reasons given by the honourable Senators Hugessen and Leonard, I think I would have to oppose the motion for other reasons that are obvious. Of course honourable senators will understand that as a member of the Government I would have to take this stand.

This discussion this afternoon has been most interesting. I would hope that this amendment did not succeed. However, I think an area has been opened here which is important for consideration in respect of the economy of this country, in view of the fact that it is becoming more and more industrialized as time goes on.

As leader on this side I simply make as a suggestion, for what it is worth, that this matter of stock options, as well as some of the other inducements which business proposes from time to time in respect of the development of executive capacity, might be a worthy study for one of our committees. Obviously we have people here in quantity and of quality who could make a good contribution to a study of this kind. If a study were undertaken by a committee it need not be lengthy but could be informative. It would be a useful thing to do in the interests of the public, of the business community and of the economy.

Apart altogether from those considerations, I think the discussion this afternoon has been salutary. If there is merit in what Senator McCutcheon says, and certainly it is not without merit, it is on the record. However, we have a bill before us which arises out of the budget resolutions, and in the circumstances I must take the stand that I oppose the amendment and I would hope the Senate would support the main motion.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Mr. Connolly (Ottawa West): No.