

Mr. OTTO: We have an idea what we mean by personal net savings, and it is usually taken in the context of what you have saved from scrimping and doing without; in other words, a normal wage earner's savings. What I am trying to find out is what portion of that saving is reinvested in capital, and what portion really comes from that "easy-come-easy-go" money which is by way of dividends?

Mr. BRYCE: I am afraid life is too diverse for us to be able to make a statistical distinction there.

Mr. OTTO: Could you have an idea of what portion of this personal net savings is dividends?

Mr. BRYCE: No. We know that dividends paid to individuals, Canadian individuals, are something of the order of \$700 million a year. Then, of course, those are subject to tax, and there are various problems in saying how much ends up in the hands of the individuals, and these simply contribute to people's total incomes and those people save out of them such incomes.

Mr. OTTO: Does this column also include equity gains such as the sale price of shares being a higher price—say, capital gain?

Mr. BRYCE: No.

Mr. OTTO: It does not?

Mr. BRYCE: No. Some of this personal net savings comes up in things like pension plans, insurance companies, investment trusts, and that; and there would be a problem in untangling capital gains from the other part of it.

Mr. OTTO: It includes that?

Mr. BRYCE: It may in these pooled funds, but we try to exclude capital gains in this computation as far as we can.

Mr. OTTO: Canadians personally invested in the first half of 1966 \$3½ billion, but that also includes any moneys they might have received from the sale of shares, does it not?

Mr. BRYCE: No, because it is washed out, one against the other. They sell the shares to somebody else.

Mr. OTTO: If I bought shares at \$20 and then I sold them at \$100 and invested \$100, that would be reflected in the \$3½ billion?

Mr. BRYCE: But somebody else has to pay you the \$100 for them. If you bought a new issue of shares for the \$100, that would be a way of financing the business capital formation, and that would show up. But if you simply bought some outstanding shares from somebody else on the market, that is a transfer between one group of individuals and another.

Mr. OTTO: I am presuming that in the increase in the personal net savings a good proportion goes into new companies and new formations.

Mr. BRYCE: Yes, undoubtedly some, but not as much as various Ministers of Finance have said they would like to see going into the purchase of Canadian equities.

Senator THORVALDSON: Under Item 2, business gross saving, does that include capital cost allowances?

Mr. BRYCE: Yes.

Senator THORVALDSON: Would that consist of, say, one-half? Would you estimate one-half of the total figure?

Mr. BRYCE: No, more than one-half. I think I figured that out last night. The capital cost allowances in 1965 were approximately \$6.1 billion out of a total here of business gross savings of \$7.3 billion.

Senator THORVALDSON: That, of course, is exclusive of dividends?

Mr. BRYCE: Yes, that is right.