

Income Tax Act

their own industry, and there has been some confusion about the reasons that we must own our own industry.

Many hon. members on this side, and I know most hon. members on the other side of the house, have received a very calm and clear indication from Americans, from the owners and representatives of United States parent companies which have subsidiaries operating in Canada, to the effect that all they want to do is make money. They say if a product can be manufactured more efficiently in Canada and exported elsewhere they will do this. They do not care where their money goes.

I must admit that this seemed a very good argument until I recalled the Korean war, during which time cold rolled steel was put on a priority list and could not be exported from the United States when it was needed for the war effort there. I recall that during those years 40 per cent of the appliances sold in Canada were brought in from the United States.

Quite recently I read the report of Canadian Westinghouse, which had sales of upwards of \$129 million with losses between \$300,000 and \$2 million. It is pretty difficult to say what portion of the expenditures of Canadian Westinghouse were on parts brought in from the United States, but I am inclined to think that United States capital, despite all it says, is isolationist. Capitalists in the United States want their money in the United States where they can always put their hands on it; therefore it is very important for Canadians to own their own industry. It is not an emotional issue.

We have been saying, and hon. gentlemen on the other side when they occupied these seats always said, we must have more industry in Canada, more secondary industry. But we must also acknowledge that we want more Canadians to gamble or risk their money in new industry. Most of us are aware that Canadians are not buyers of shares, except shares of Bell Telephone Company, Hiram Walker or something of that nature. We are great mortgage buyers and great savers.

We have about \$13 billion in savings and in transit. If we can judge how much we have in safety deposit boxes, taking as a standard the proceeds of robberies such as that in Brockville, we may have another \$13 billion there. We want to put this money to use, but the Canadian has always been known as a reluctant investor. We are cautious, and the reason is that the money we have has been hard come by, and the money we risk in shares is usually money that came by way of dividends and profits. If we do not have that money we are not going to have more money to risk and thereby to expand. The

[Mr. Otto.]

essential thing is that Canadians have to invest in their own industry. Every year \$250 million in Canadian dollars goes across the border to be invested in United States industry. We want to have that money invested here.

But I do agree with the hon. member who spoke just before me. I still have doubt that by this differentiation in the withholding tax on companies we are actually going to convince Canadians to buy shares or, for that matter, convince United States shareholders to sell shares because it is the shareholders we must influence, not the companies.

I know that the minister has it in mind to induce Canadians eventually to buy shares in our industries or to purchase back shares from the Americans, English or Swiss who now hold them. I think the incentives should be directed toward the Canadian investor. If we can convince Canadians to take their money out of bricks and mortar, out of those things in which they have always been accustomed to invest, out of mortgages and other very secure investments and invest that money with a little bit of risk I think we will achieve something. We could do this initially in my view by an amendment which I think should have been included. I suggest that we should put the Canadian investor in the same class as a businessman, so that he can deduct his losses from his profits. I think this would be an inducement to Canadians.

I know from several conversations with the minister that his ideas are good. I was one of the first to call him a reformer and I believe he is a reformer. I believe this legislation is good. If the minister has made mistakes he has admitted them. With all respect, I say that every member of the house should support the ideas expressed in the bill and support them very strongly.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, I shall not hold up the committee very long, but there is one particular point I want to bring to the minister's attention. I suspect it has already been brought to his attention but I wish to do so again. I refer to the position of part time students in Canada with regard to the deduction from their taxable incomes of the sums they pay in fees. I do not know whether the minister was able to see the delegation which came from Montreal, but I understand his parliamentary secretary did so. That delegation consisted of representatives from the evening students association of Sir George Williams University, the students council of Sir George Williams evening high school and the University of Montreal.

They pointed out to us in the course of their brief and in the course of the interview