ion in different parts of Canada. I recently had the opportunity of discussing this matter at meetings in various parts of Canada. The people in western Canada, the Atlantic provinces and, I understand from my colleagues, in Quebec as well say that they want to use foreign capital. They do not wish Ontario, Toronto in particular, to be the only place which gets the advantage of foreign capital. They feel they might possibly be discriminated against. I think that is an unwarranted view of how people in Ontario do things, but it is the view of people in certain parts of Canada.

• (1720)

I would agree that if the government took the position: you cannot do this, you cannot do that, or we shall restrict the flow of foreign capital, it would be unwise and, besides, it would not meet the wishes of, very likely, a large majority of Canadians. In addition, it might prove extremely damaging to the economy. But I believe the government ought to be taking a positive rather than a negative attitude. It should be encouraging Canadians to do something about owning their industries—gradually taking them over. I realize it will cost a great deal of money to buy Canada back and that it would not be feasible to do it all at once. But it can be done by degrees. The obvious tactic is the provision of tax incentives to encourage Canadians to purchase Canadian securities. At the outset, I believe any such incentive should be limited to the purchase of common stocks, sometimes referred to as equity stocks. These are the securities which in most cases symbolize ownership and control growth. Bonds and preferred stocks, the senior securities, may at some time in the future be important, but I believe a start should be made at encouraging Canadians to invest in common stocks.

It is clear that at the present time when Canadians have an opportunity to invest money, they do not always invest it in Canada. Our securities are competitive with other securities. I believe that on a per capita basis every Canadian invests two or three times as much in United States common stock as every American invests in Canadian common stock. We hear so much about United States investment in Canada but the fact is that Canadians, on a per capita basis, invest two or three times as much in United States stocks as Americans do in ours. It is sometimes said that Canadians do not like taking risks, that they want to be sure of their investments. I do not think this is so. From my own experience I would say that Canadians are quite prepared to take risks, provided they get some return for doing so.

It is difficult to produce accurate statistical information especially when one is, as it were, comparing apples with oranges—things which are not really comparable, except perhaps in size. But I have figures here from the Toronto Stock Exchange which indicate that a group of blue chip—or very safe,—common stocks in the year 1971 yielded an average of about 3.2 per cent return on the investment. I also have some figures from the United States for the same year, taken from Moodie's Stock Survey. They do not give us the average across the board, but the average for railroad stocks was 4.4 per cent, for utilities, 5.7 per cent, for bank stocks 4.14 per cent and for insurance companies 3.25 per cent. These figures merely indicate a trend. It is clear that the rate of return on common stocks, or at least, on many common stocks of the blue chip variety in the United States are higher than on comparable Canadian common stocks.

The same applies to rate of growth. There are always exceptions—statistics can be very misleading,—but the fact is that the rate of growth of most common stocks in the United States is faster than that which is reflected by comparable Canadian securities. Though people should, I suppose, be motivated at all times by patriotic motives, such is not always the case. At present there is actually a disincentive confronting all Canadians who contemplate an investment in Canadian common stocks. I believe the government should do something about this. The obvious means of doing so is, of course, through the Income Tax Act. It has been suggested that if a Canadian invests his money in Canadian securities—common stocks, again—his dividends might be taxed at a lower rate. Or, considering it from the point of view of growth, there might be an alteration in the rate of the capital gains tax as applied to a person who, shall we say, has held securities for two years or more. Any such increase in the value of Canadian securities might be taxed at the lower rate than that applicable to United States or other non-Canadian stocks. This arrangement, it has been suggested, would be difficult to administer. But difficulties of administration are not so relevant in this computer age, and, in any case, what I am suggesting would be infinitely easier than what the government is attempting to do in connection with its new family allowances program.

Hon. members may conclude that the proposals I am putting forward imply some kind of anti-Americanism. No way. We are not trying to be anti-American. We are trying to be pro-Canadian; we are trying to encourage Canadians to purchase ownership and control in Canadian industries by making it demonstrably to their advantage to do so. Someone has suggested that greater encouragement should be given to employees to purchase common stock in the companies for which they work.

This is a good idea in some cases. It has been very successful, I understand, in the case of the Eastman Kodak Company, and it has worked well in certain Canadian companies, too. But this kind of operation is more successful in the case of companies whose employees tend to make a lifetime career of their jobs; it might not be so successful in companies where there is a quick turnover in labour—where employees have little personal interest in the future of the concern for which they work.

• (1730)

In cases where people tend to stay in industry with hopes of advancing, encouragement should be given to them to participate in ownership. This is a sort of offshoot of my main argument. Something should be done to encourage Canadians to participate in industrial ownership. The minister has apparently more money at his disposal than was anticipated. There have been some tax cuts, to the extent of $500 million, and approximately $380 million will be given to old age pensioners. It would seem to me that something should have been done to encourage Canadian support in growth securities.