

and legitimate incentive which is very firmly bound into the economy of the United States. I suggest today, as I did yesterday, that any honourable senator who suspects me of exaggeration, should merely call the research branch of the library and obtain the United States literature on this type of compensation, which has gradually become recognized in Canada. I am satisfied that when the present section was incorporated in the act in 1953 it was incorporated because the Minister of Finance had given the matter some consideration and had decided that this was appropriate.

The minister said to us in committee, "Well, it is inequitable. Lots of people cannot get stock options." That is quite true; I never had any. I would have liked to have had some, but it just happened I was never associated with a company which granted stock options.

The minister says, "We are wiping out an inequity." Well, if I could take a couple of months off I could speak for five hours to honourable senators and tell them about inequities in tax law which the minister is not attempting to wipe out. Why is he striking at this? Why is he upsetting the applecart? There is no demand for it. Many honourable senators must have received a barrage of objections against this amendment, as I did, particularly from companies that are competing for management in the international field. This proposal, of course, affects their competitiveness in attracting executives and top management. There are enough disabilities affecting top management in this country as compared to some other countries that we do not have to add one more to them. That is what we are doing.

Mr. John Meyer, managing editor of the *Montreal Gazette*, is, in my opinion, one of the ablest financial critics in Canada. I have an article of his before me now, the date of which I cannot give you, in which he says:

The stock option is one of the most useful incentives to senior executives within the power of a corporation to grant. It directly equates return with ability, something which can no longer be done, with the steeply escalating rates on personal income now in effect, by simply raising salaries.

Why would any person making \$75,000 a year take on more responsibilities and risk an earlier heart attack for \$100,000 a year? That is a subject with which I shall deal

again, but that is the situation faced by management in this country.

It has been a powerful inducement, too, to the entrepreneur by giving him the promise of a return more commensurate with the risks he might take in establishing new enterprises or reviving old ones.

I do not intend to read the whole article to you, but with reference to the position the minister has taken, he has this to say:

It is inconsistent too, with the now common acceptance of the inadequacies of much of the country's managerial force.

I think the Economic Council of Canada had something to say about it in its last report.

The extent to which high rates of personal taxation have driven competent managers into the more rewarding American economy can only be guessed. It ought to be recognized that competency will never be achieved unless the rewards are attractive enough. Anything which diminishes those remarks—and that is precisely what the new rate on benefits from stock options does—reduces the chances of achieving competency.

I adopt Mr. Meyer's views as my own; he has expressed them somewhat more succinctly and better than I could.

The minister said this morning, "Well, of course the banks are in competition for top people and they cannot grant stock options." Well, the minister has a bill before Parliament now in which he could arrange for banks to grant stock options, if he wanted to. On the other hand, I suspect that if the minister looked into the perquisites of all kinds—including pensions, which leave the Civil Service pensions far behind those employed by senior bank executives—he would not be too concerned about their competition in top management. As a matter of fact, I do not think he really advanced the matter seriously.

Honourable senators, there seems to be a feeling in this building today that proceedings should not be too prolonged, so I shall say nothing further. I now move, seconded by the honourable Senator Macdonald (Cape Breton), in amendment to the motion that the bill be not now read the third time, but that it be amended as follows:

Strike out clause 9.