

*Income Tax Act*

large companies with no financial problems do not pay any corporate income tax. The government was hoping that its white paper on tax reform would create a lot of interest in several sectors, but only the mighty voiced their opinions.

—those who earn less than \$7,000 a year, those to whom Mr. Carter's opinion and the white paper would have been the most profitable—

That voice remained silent or very weak. The debate remained a purely academic one, which can result in one-way decisions; without the participation of the expert in such a field, namely the producer, Mr. Greene added, there can be no balance in the decision process.

Therefore, Mr. Speaker, where is the balance mechanism? We must find a way to establish it, otherwise the whole society will break up into small groups with conflicting interests, pulling in opposite directions and going against each other.

To overcome difficulties, we must get back to the technical and moral values that have already been tested in the taxation field. Every citizen should know that work is the normal source of wealth. It is the excess of production over consumption that represents new capital; steady savings lead to sufficiency, security and real independence. Is it not desirable that a large number of young people should be willing to enjoy life according to such a marvelous formula? So that young people may be able to save money, let us not at least take away from them 50 per cent of their earnings. As for credit, it is a tremendously efficient invention, but it is also a double-edged instrument. To borrow in order to produce becomes a benefit for the national community, although the high interests increase the cost of products and consequently the cost of living.

But such is not the case anymore. When unbounded borrowing goes on for unproductive consumption purposes, when governments borrow in all kinds of way, especially on the bonds market, at excessive rates of interest, when they buy back bonds issued at a 2 or 3 per cent interest, in order to pay 8 or 9 per cent, there is no logic in that. Unfortunately the Canadian government is doing such things in order to make the rich richer, to the detriment of poor people.

They redeem bonds because they were not able to pay for them. If they were not able to pay for 3 per cent bonds, can one believe that they will be more able to pay 9 and 10 per cent as was done recently in order to pay for old debts?

A hole is dug only to fill up another one. The best means to fight inflation effectively is to revert to tried moral values such as devotion to duty, thrift, efficiency, rather than to save only in favour of government, school boards, municipalities. One must save for himself in order to develop one's heritage, build his own house and manage to pay for it. When people save only for government and large public enterprises, have no dwelling but the street or build houses at interest rates of 9 or 10 per cent, or pay for such houses four or five times their worth over a period of some 30 years, this is neither logical nor normal for a government. Such a state of affairs cannot last indefinitely, for the ferments of revolt are already showing up.

• (2:50 p.m.)

How can we find solutions to problems whose nature has not yet been diagnosed? We do not know where the problem lies. People work here and there or do this and

[Mr. Latulippe.]

that, but everything is being done besides the real issue. We have not yet managed to diagnose the problems, yet that would be so easy. It is quite easy to find out that production involves no problems.

Considering that the surplus production will amount to \$41 billion by 1971, the buying power is obviously not high enough, is not distributed to the right people namely to the true consumers. There lies the problem and not elsewhere. We should not try to produce more since we already produce too much for our population.

It is not a production problem which needs to be solved but a distribution problem. Interest rates on the capital held by millionaires are increased. They are being paid 7 per cent instead of 5 per cent, that is \$20,000 more per \$1 million per year. I say 7 per cent but it is rather 8, 9 or even 10 per cent. Anyway, it was only an example I wanted to quote.

Mr. Speaker, we should avoid taxing even more our taxpayers and mainly the poorest and we should not increase the salaries of the best paid people: those earning \$50,000 per year are granted \$75,000; those earning \$35,000 per year are granted \$45,000; those earning \$26,000 per year are granted \$35,000 while the postmen who earn only \$6,500 per year are granted \$8,000. It is hoped problems will be solved by increasing salaries and taxes to meet the inadmissible commitments that exist in Canada today and the only result is to increase the cost of living for everybody. Meanwhile, pensioners, housewives and more than 13 million citizens without income have to pay more for all necessities. That is not how to solve the problem.

At the same time, salaries and interest rates have increased.

To sum up, Mr. Speaker, some 9 million citizens are deriving increasingly large annual incomes from salaries and interest and more than 13 million are victims of the rising cost of living, without their obtaining any increase in the income which is being doled out to them in dribbles by welfare officers.

I am not accusing anyone. I am merely showing the flagrant and obvious results of our economic policy which goes back to approximately 1944, the end of World War II, the Bretton Woods agreement, the inception of family allowances that have remained at the same level for 25 years.

Now, we are trying to reform family allowances but this will only reduce the present purchasing power because less money will be handed out. In fact, a great number of children of a certain age will no longer receive family allowances while others will be receiving more, but at any rate the government will be reducing the purchasing power. That is one of the tax reform proposals. As to the way these family allowances will be distributed, it is not reassuring at all for those who see the light.

It is obvious to me that there are profound discomforts and that the remedies are readily available.

The ministers and members of this House represent a population of 22 million citizens. They should, if but for a moment, forsake their political allegiance and remember that they too are part of these 22 million Canadians and that all of us, as such, have to endure or enjoy the administration which is reflected in every sphere of socie-