

The Budget—Mr. Coldwell

health are now more essential than ever. Indeed the whole cost of social security, including a national health plan about which I hope to say something more in a few moments, must be borne by the federal authority. Most of the provinces cannot bear an added burden.

To some extent these taxes are defended on the ground that they will discourage buying and hence relieve the pressure on scarce commodities like steel, in that way acting as a deterrent to further inflation. Well, of course this is the government's purpose in its policy of restricting bank credit and instalment buying, but I can tell the minister that the effect of this credit policy is being defeated to some extent by the activities of the small loan and finance companies. They still advertise widely that they have plenty of money available to lend to borrowers who are willing to pay the rate this house made legal several years ago, 18 per cent. Their balance sheets, their advertising and their busy offices indicate the extent to which purchasers of household goods as well as automobiles are turning to them to get enough money to provide for the cash payment, and thus escape the barriers placed against instalment buying or the making of small loans from our banking institutions.

Mr. Abbott: That is a breach of the provisions of the act, of course.

Mr. Coldwell: It is easy to escape that, though. They borrow money and as far as I know there is no check on what they borrow it for except what the person says. I hope the Minister of National Revenue (Mr. McCann) intends to investigate and inspect this kind of business pretty thoroughly. It seems to us that apart from the usurious rates of interest permitted by our own legislation, which we as a party strenuously opposed when the legislation was before the house several years ago, the government should place definite proposals before the house to deal with a situation of that kind. If we are to forbid the banks to expand credit, which they provide at relatively reasonable rates in normal times, certainly we should see to it that loan sharks are prevented from lending money at unreasonable and usurious rates of interest.

The minister urged people to save, but I find and I fear that the disposition is to spend. That disposition is becoming more prevalent, to spend and invest in durable goods that will have some value. This is encouraged by the steadily depreciating dollar. People who have saved in the past have seen their investments in life insurance, annuities, victory and other bonds steadily decline in value in terms

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of goods and services. I might add that when the victory loan campaign was inaugurated during the war the hon. member for Melfort (Mr. Wright) pleaded with the government to do what it did subsequently in connection with the savings bonds, and say to the people who invested in those bonds that they would be guaranteed at least par value for the bonds they bought. As the hon. member for Greenwood (Mr. Macdonnell) said, today some of these war bonds are selling below par. Thus the incentive is to say, "Let us eat, drink and spend and enjoy what we can buy, because in a year or two our dollars may be worth far less than they are now."

Yet while incomes in terms of goods have steadily declined, profits have continued to soar. In its previous budgets since the war the government has failed to drain off excessive profits or tax the enormous capital gains which have accrued to Canadian industry. Individuals who have fixed incomes, who work for salaries or wages, or farmers who deliver their produce to public or co-operative agencies, are taxed to the full extent on their incomes because the department knows exactly what their incomes are. But there is a widespread belief—whether or not it is correct I am not prepared to say, though I have been told a number of times, and quite reliably—that some companies, corporations and business people are able to charge against their business operations expenses which wage earners, salaried people and farmers must pay. I am informed that sometimes personal cars, travel and even holiday expenses are charged as business expenses.

Mr. McCann: But not allowed.

Mr. Coldwell: Not allowed if found. But I have an idea that the investigation is much more thorough in some parts of Canada than in others. I have always been puzzled as to why we should find farmers in one part of Canada paying millions of dollars in income tax and farmers in another part paying only \$14,000 or \$15,000 in all in a single year. It seems to me there must be a difference in the way the investigations are carried on. But to continue with what I was saying; Mr. John Doe of Blank and Blank decides he wants a trip to Montreal, or to New York, or to some other distant point. He has business connections there, it is true. He calls on a firm with which he has contacts to discuss something which might not really necessitate a trip at all. Unless there is very careful scrutiny he may be able to charge that to his business account.

Mr. McCann: Why don't you deal with something real? You are putting up hypothetical cases.