it is certainly the citizens earning from $7,000 to $12,000 a year. The government should be far more generous towards that class of society, and grant them even greater exemptions. Under the present tax system, the general public harbour a continual feeling of despondency which affects initiative on the part of small and middle businessmen and manufacturers.

Instead of racking his brains in order to find ways to tax small and middle industries, the Minister of Finance would do better to think up means of making available to those industries, which have already played a very important part in the economic life of this country, low interest loans which would allow them to continue their contribution to the economic life of our country.

Canada needs good workmen, good farmers, and also good businessmen and good manufacturers in order for its economy to expand rather than deteriorate as it is doing at present.

Everybody knows that last year the number of bankruptcies increased dramatically, and the debts which caused those bankruptcies are at present 50 per cent higher than in 1970.

Mr. Chairman, if that does not show that the economic health of our country is threatened, I do not see what other sign could be found. It was funny to hear the Minister of Finance last Thursday night tell us that we have a strong economy and that he expected continued progress. That caused laughter not only in the House but also outside. To be convinced, Mr. Chairman, one only has to look at the quotations on the stock exchange. This indicates very clearly what the economic life is like at the present time, and the stock market is a true reflection of what is happening in Canada.

(9:20 p.m.)

Mr. Chairman, I was greatly surprised to hear this afternoon my good friend the hon. member for Peterborough (Mr. Faulkner) state that, at last, he had discovered there were in Canada caisses populaires and credit unions. For months, we tried to convince the government that it should give special consideration to caisses populaires and credit unions, because these two types of financial institutions had rendered great services to this country. While the large financial institutions were refusing workers the loans they needed to build a house of their own, the caisses populaires and credit unions have done the utmost to accommodate the people in the lower income bracket, so much so that one can see in all Canadian cities at least one sector that has been developed through the loans granted by the credit unions or caisses populaires.

So I would ask my friend the hon. member for Peterborough to put forward the views of those people who have rendered immense services to the population and to make the Minister of Finance understand that he has an obligation—although I doubt that he could do it—to avoid taking measures that would sink those Canadian financial institutions that have done so much and that still have so much to do.

Mr. Chairman, I received letters from co-operatives but I will dispense with reading them. I would also like to join with those that have appealed to this House in favour of the caisses populaires so they will receive the treatment they deserve and be allowed to continue helping low wage earners.

In concluding my remarks, I would also like to ask for more generous personal exemptions for those who are the foundation of our society, labourers, farm hands, and workers in general, for they are in the final analysis the big taxpayers in the country. They deserve special attention. I also wish the government would finally accept the obvious and recognize that our demands are not made only on our behalf but on that of all Canadians.

Mr. Fortin: Mr. Chairman, not very long ago, the federal government published a booklet prepared by the Treasury Board and entitled: "How Your Tax Dollar Is Spent". This booklet was based on the government's estimates for the fiscal year 1971-72. Needless to say that this question is topical today, since we are discussing Bill C-259 on tax reform. People are complaining—justifiably enough—that they are being taxed more and more heavily. One should ask oneself what the government is doing with the taxes it collects.

On every taxpayer's dollar, the government spends 25 cents on health and welfare programs and 14 cents on economic development and "support". Given the fact that this government is as much interested in encouraging big business as in achieving the economic development of the country, it earmarks 14 cents of every tax dollar for the national debt and service 13 cents to defray national defence. Nobody knows whom we are fighting or whom we are defending and why, but anyway, it costs 13 cents of every tax dollar in peace time. Transfer payments to provinces cost 9 cents of every tax dollar whilst 7 cents are spent on transport and communications, 6 cents on internal overhead, 4 cents on general government services, 4 cents on education assistance, 2 cents on culture and recreation and 2 cents on external affairs, which makes a total of $1.

This is how the federal government is spending the taxpayers' money.

This is leading to several conclusions and, among others, that the major government item in the budget is health.

Confronted with the continued increase in unemployment and inflation, the government announced last week, through the Minister of Finance, a reduction in individual and corporate taxes. This is another government move, apart from the tax reform, to fight inflation and unemployment.

The House will remember that since 1968, each time the Minister of Finance tabled a budget, he claimed that the measures he was introducing would either decrease unemployment or eliminate inflation. But since every endeavour led to failure, the Minister of Finance again rose and smiled and introduced a new budget, saying that he would increase the grants here and there, only to awake shortly afterwards with another budget designed to compensate for previous failures.

And now even though recent Bill C-259 has not yet been enacted, the Minister of Finance wants it to be amended. I understand for not only this bill in its present form is far from acceptable but the co-operatives, for instance, even