

Income Tax Act

The Conservatives have criticized these measures but have not given any indication of how they would solve the problem. I just have to look back to 1957 and 1958 and the great visions of that time to realize how, since 1962, they have become the nightmares of the past. In 1959, when the right hon. member for Prince Albert was leading the Conservatives, he used to say that the country had a stable economy. I believe that is the situation today. I believe the financial problems can be blamed on the fact that certain financiers have been itching to speculate. I say that you are to blame for not putting them in their place. We are going to have to face up to this problem.

Last night on a television program a member of the government, a member of the official opposition and I were discussing the new proposals introduced by the Minister of Finance. I was asked exactly where the government could have picked up the revenue lost as a result of the defeat of Bill No. C-193. You do not have to be a wizard to do that. If the public accounts committee had met more often we would have been able to examine expenditures more carefully. I am not criticizing the fact that \$400 million in waste or extravagance was found by the Auditor General. This amounts to about 5 per cent of the total expenditures on administration. I believe that every company finds that about 5 per cent or 10 per cent of its budget is being wasted. If we do not check this now, it will not be \$400 million next year but \$800 million. While we may not be able to regain the money lost we could at least reduce expenditures for the next year.

The Glassco commission did great work and its report cost a lot of money. The report has collected quite a lot of dust up to now. I am convinced if we search through that report we will find many recommendations that have not been implemented. I told one member yesterday that one statement in the Glasco report was that the federal government could save some money on the quality of paper used. The saving could amount to \$1.5 million per year. I am quite certain that since the report was tabled there has not been a change in one sheet of paper used by the government. The hon. member for Lapointe and the hon. member for York-Humber during the question period this morning indicated their dissatisfaction with the disposal of certain assets from Expo. The hon. member for Lapointe stated that a loan had been made to Great Britain in 1946 carrying an

interest rate of 2.5 per cent. The deferred interest alone on that loan amounts to \$85 million. The minister should see if he can collect some of that money instead of choking the Canadian taxpayer.

There is another \$100 million in guaranteed reserves in the chartered banks of Canada, which is interest free. The government could collect another \$5 million there which would be a help. The federal government is also aware of the hidden reserves in the chartered banks. If they are hidden reserves they are hidden profits, but the minister does not tax them. Can the minister indicate to me any other Canadian corporation that could legally have hidden reserves or profits and not pay income tax on them? Why have sour milk for one and sweetened milk for the other? If we are going to make people contribute to the expense of running the country we should not make one group contribute and allow others to go free. I would not think that the minister has very many alternatives, but if the Auditor General were given additional staff to make investigations perhaps he could find that more than \$400 million had been wasted. I ask the minister to tighten things up a little bit and try to stop these leaks.

When the Bank Act was passed last spring the chartered banks were permitted to raise their interest rates on loans from 6 per cent to 7½ per cent. This affected the cost of living. The argument at that time was that the finance companies were lending more than the chartered banks. I do not believe there has been much change in that respect. I have not seen any finance companies in any great difficulty since then. The only direct result one has been able to ascertain has been that the cost of living has gone up. When someone says that the way to solve the problem of inflation is to have more unemployment in Canada, then I say that is stupid. You will not solve the problem of inflation by having a higher rate of unemployment. The problem will only be solved by having more respect for the Canadian people and the Canadian economy.

• (3:20 p.m.)

We contribute greatly to external aid. This is good if we can afford it. But before we become involved with NATO, NORAD and such organizations or worry about the Chinese in China or Africans in Africa the minister should concern himself with the welfare of Canadians in Canada. He will have his hands full finding solutions to our own problems. This might hurt his campaign a little,