

The Budget—Mr. Purdy

at a high level, and thus made impossible the reductions in taxation which he and all members of the government would have liked to introduce. Taxes upon business continue to be heavy and this burden, made necessary by the continuing high cost of defence and other essential public services, constitutes a threat to our continued economic development.

It has already been pointed out, Mr. Speaker, that Canada, through high wages, taxation, and the high cost of operating in a country of great distances and great climatic variations is in danger of pricing itself out of world markets. This danger has already been demonstrated by the textile industry, which finds itself unable to compete with textile producers from other lands. Unless we are to weaken our defences and lower our standard of social security and pensions, we must continue to maintain our sources of revenue which come through taxation. I would suggest to the minister and to his successor as head of the Department of Finance that some consideration be given to a source which has until now been entirely overlooked both in this country and, I believe, in the United States.

Capitalist organizations are subject to taxes upon their earnings, whether these come from their own operations or from their investments. During the past years of full employment another group of capitalist organizations has developed and has remained tax free. I refer to the great labour unions with huge memberships. The unions receive dues from their members and in many cases have established large reserve funds which are invested in stocks and bonds and thus return dividends, or profits each year to the union. I have no argument with this. They are to be commended on their sane business acumen and foresight. I am pleased, as many others must be, to see that the labour unions are recognizing the importance of profits and thus are likely to be more concerned in the future than some of them have been in the past about the earnings of capitalist companies. The fact that many of these unions will share in the profits of these industries will bring a closer and more intimate understanding between capital and labour and we will all benefit by this mutual interest in the country's industries.

Neither do I suggest that any tax should be imposed upon capitalist labour organizations which is not also imposed upon other capitalist groups. All incorporated companies that make a profit pay taxes upon those profits. It seems only fair and equitable that labour unions which make a profit should be similarly taxed.

I have no figures for Canada, but I do have some astonishing figures indicating the extent of labour union profits in the United States and there seems to be no reason to think that the profits of Canadian unions, in many cases only the Canadian branches of American unions, should not be on a comparative basis. Writing in the *Daily Mirror* of New York on April 9 this year, Victor Riesel reported that Dave Beck, head of the teamsters union, told a California audience that his union has been earning an average profit of \$113,000 a month on the stock market, or more than \$1,500,000 a year. Riesel estimates that the union has some \$5,000,000 invested in securities and has a reserve of some \$32,000,000.

Just a month ago, Riesel reports further, the American Federation of Labor central labour union in Philadelphia employed a securities adviser formerly connected with a local brokerage house. The city's 195 unions will share the services of this adviser to make certain their funds are invested in the most potentially profitable stocks. The C.I.O. national maritime union recently deposited some \$25,000,000 from one of its welfare funds in a bank for future investment.

The bigger unions, Riesel reports, have funds as high as \$175,000,000. The international garment workers union earns about \$1,000,000 a year on investments and the locomotive firemen and enginemen's union takes in \$1,100,000 a year, according to recent reports.

The trend towards labour investments in the United States is increasing as reserve funds grow, and the same situation will develop in Canada. Here is a legitimate source of income or profits taxation which should not be overlooked and it is one which fairly tapped could only be welcomed by those who insist each year upon the imposition of higher and higher taxes upon profits. I offer the suggestion for serious consideration to the Minister of Finance who must welcome any new source which will permit him to maintain present high revenues without imposing undue hardship upon those who are already paying the nation's taxes.

Mr. G. T. Purdy (Colchester-Hants): Mr. Speaker, one week ago today the people of Nova Scotia at Halifax buried a great chief to a province's, yes, to a nation's lamentation. I was a member of this house during the period of Angus L. Macdonald's labours here as minister of naval affairs. Following that, for the next four years, I was one of his bonnets in the legislature of Nova Scotia, the province he loved so dearly. Last year it was my privilege to carry his colours in the