

The Budget—Mr. C. Cameron

been a tremendous upsurge in the rate of capital investment, that is, of expenditures for capital goods and for construction of all kinds, but mainly for the expansion of industry and the development of resources.

Mr. Coyne tells us that the major inflationary problem arises from vast capital investments and he has this to say:

Although certain forms of consumer expenditures financed to an increasing degree by a particular kind of credit expansion have contributed to the inflationary pressures, consumer expenditures in total have not been a major factor.

Now that being the case, sir, I would suggest that the Minister of Finance could have been perhaps a little more generous than he has been, instead of which of course he has been cautious to the point of shivering timidity with regard to those in receipt of old age pensions, war veterans allowances and blind disability pensions.

I think we should inquire as to what he has done about these inflationary pressures that Mr. Coyne has been warning us about. Has he done anything whatever to control the level of capital investment in this country? Has he followed his own advice or the advice of his predecessor in office who some years ago cited the necessity for curbing this vast expansion?

I have here, drawn from the statistics of the dominion bureau of statistics, the figures for certain major sources of corporation funds in Canada available for investment and I find that from 1946 to 1955 undistributed corporation profits increased more than 100 per cent. They were \$411 million in 1946 and in 1955, the last year for which figures are available, they reached \$905 million. Corporation depreciation allowances, sir, went up even more remarkably. In 1946 they amounted to \$511 million and in 1955 they had more than trebled to \$1,828,000,000.

Again I refer to the dominion bureau of statistics. In the 10-year period from 1946 to 1955 inclusive corporate investment in fixed capital goods and in inventories came to nearly \$24 billion. Of this total sum \$18 billion or about three-quarters of corporate investments were from retained profits and depreciation allowances. It would seem to me when we consider that in conjunction with the advice of Mr. Coyne then we had a right to expect that the Minister of Finance was going to do something about this very dangerous situation, but we find of course that he has done nothing about it. There is to be no increase in the corporation income tax, there is to be no revision of the depreciation allowance regulations and in particular, sir, there is going to be no repeal or revision

of the iniquitous 20 per cent tax rebate on income derived from Canadian corporation dividends.

I want to put on the record at this point some figures with regard to this because I have had great difficulty in persuading those citizens of Canada who I have had the opportunity to address that the government is actually doing what it is doing.

I have no doubt the Minister of Finance will be very pleased to know that the average Canadian citizen whom I have encountered virtually refuses to believe me when I recite the facts of the 20 per cent dividend income rebate. I have been told repeatedly by audiences that I must be confused, I must be wrong, that no government would do such a thing. I want to put this on the record and if my calculations are incorrect I hope the Minister of Finance will take the opportunity to deny the correctness of these figures, and to do so immediately.

I want to take two hypothetical income tax payers and contrast their tax payments. One person receives his income from corporation dividends and the other is a salaried person. Both are married and with no children. Each has a gross income of \$11,133. In the case of the man who gets that \$11,133 from dividends from Canadian companies his income tax would be \$1,877.24 before the rebate is given, plus a surtax of 4 per cent on investment income over \$2,400, or \$349, making the total tax \$2,226.56. That man would get a tax credit of 20 per cent of \$11,133, his gross income, which would amount to \$2,226.60. If it were not for the fact that he has to pay the maximum \$60 social security tax he would not only be completely free from tax in regard to that income, the Minister of National Revenue (Mr. McCann) would owe him 4 cents.

Mr. McCann: Which would be paid immediately.

Mr. Cameron (Nanaimo): He would need it. Let us now turn to the other Canadian citizen who earns his \$11,133. He would have a total income tax of \$1,877.24 and would have no surtax to pay because he has no investment income. The total amount payable by that person would be \$1,877.24 plus the social security tax.

When the government introduced this I believe it was on the ground that it would help to avoid the charge of taxing income twice and there was also a suggestion that it would provide an inducement and incentive for the accumulation of savings for investment in the development of the Canadian economy. I wonder why it is the minister has done nothing about this in view of the