

psychology is gone forever in Canada. It is not. In that context I reminded the Premiers that our settlements within federal areas of jurisdiction were down at 8 per cent for 1982, that the private sector settlements were at 10.2 per cent for 1982, that provincial sector settlements were at 11 point something per cent, and that the municipal sector was almost 13 per cent. In other words, the federal Government had contributed more to bringing inflation down than the Provinces, the private sector, or the municipalities. For that reason I made it quite clear that it was not up to us to try to look at any measure beyond the six and five; that it was up to them to try to apply the six and five in their areas of jurisdiction.

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BANKS AND BANKING

RATE OF TAX APPLIED TO CHARTERED BANKS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, it is the time of year when Canadians have either filed their tax forms or are in the process of filling them out and questioning the whole matter of tax fairness. In response to the Hon. Member for Red Deer, the Minister of Finance said that all Canadians had taxes to pay. In the last few days we have just found out that the Royal Bank of Canada and the Bank of Montreal combined made profits in 1982 of \$569 million and did not pay a single penny in income tax, yet obtained tax credits for this year to the tune of nearly \$50 million.

If we consider that the big five paid an effective tax rate of 8 per cent, which is the same as a Canadian earning \$7,500 per year, how long does the Minister of Finance plan to allow this unfair tax system to continue? Large profitable corporations do not pay a single cent in income tax, whereas Canadians on an individual basis, most of whom have their tax deducted at source, continue to pay obviously an unfair percentage.

[Translation]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to point out to the Hon. Member that this is not a new issue. Actually, it is very easy to take a company's figures for one year and claim these are profits on which no tax has been paid. However, what we must realize is that alongside profits, there are also expenses which are deductible. For instance, investments have been made that are eligible for capital cost allowance and tax credits.

We are trying to create an environment in which the private sector will continue to invest and do so even more actively than it has in the past. These investments create jobs for Canadians, and if we want to succeed in bringing down inflation in this country, the private sector must be able to invest actively and thus stimulate the Canadian economy. In my view, the fact that there are profits is not in itself an indication that there is a kind of free-for-all going on in the private sector, within the Canadian economy. What we must realize is that these profits are being used for investments in Canada and for creating jobs.

Oral Questions

If my hon. colleague believes, according to the socialist gospel, that by eliminating profits we will stimulate the Canadian economy, I wish him good luck in the Opposition, because that is where he is going to stay as the third party for quite some time.

[English]

Mr. Riis: Madam Speaker, that is a terrible reaction, quite frankly, when we consider they are trying to argue that it is quite legitimate for the banks to pay no tax at all and, in other words, look at that sector for stimulus, while the average working Canadian who is expecting to consume these days is unable to do so. I think it was a very inappropriate response.

● (1130)

LOBBY AGAINST BILL C-653

Mr. Nelson A. Riis (Kamloops-Shuswap): The Minister will have noticed the hallways of Parliament are blue-grey now that the bankers' lobby has brought out its biggest guns in an effort to shoot down Bill C-653. I notice in this morning's *The Globe and Mail* that the banks have their agricultural lackeys, the Canadian Cattlemen's Association, on their side in terms of mobilizing opposition to Bill C-653.

Because of the incredible banking lobby which has been launched in the last two days, is the Government reconsidering pursuing Bill C-653 in its present form, or is the Government backing off because of this incredible lobby?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I notice the main person who is dressed in blue and grey today is the Hon. Member.

Some Hon. Members: Oh, oh!

Mr. Lalonde: I can tell the Hon. Member that the Government has encouraged the passage of the Bill in question. It has had second reading and has been referred to a Committee. The Committee will of course, want to examine this Bill and reach its own conclusions. It is a Private Member's Bill, and I am happy to see that it is a Liberal Member who is sponsoring and pushing the Bill very aggressively. I congratulate the Hon. Member and Members of the Liberal caucus for their persistence in that regard.

Mr. Nielsen: They were dragged, kicking and screaming.

BANK'S TREATMENT OF MANITOBA FAMILY FARM

Mr. Rod Murphy (Churchill): Madam Speaker, my question also relates to the Royal Bank, and it is directed to the Prime Minister. Last October in his mini series on television, the Prime Minister asked the banks to reconsider their policy on foreclosure. To quote the Prime Minister, he said, "Take a chance on a Canadian." The Royal Bank must have taken the Prime Minister's advice to heart. The Royal Bank did not foreclose on the DeMings' family farm in Manitoba. The bank repossessed all their farm machinery. That did not work. The DeMings stayed on their farm. Last month the Royal Bank