

because they can absorb the cost. This is why I feel an examination should be made of the economy which we are in.

Mr. BRYCE: I think these are good questions. Many of these are the kind of questions we hope the Economic Council considers when looking at the medium and long-term problems ahead of us. On shorter term matters I have a feeling that there was a change in attitude developed in Canada during the past year. There was a feeling that things were moving ahead quickly, that there were inflationary forces at work, and people had better get what they could while they could. That is very dangerous, and that is part of the reason why the present situation is one that does warrant the kind of attention or the kind of policy that the minister has outlined in his speech here. We have somehow got to create the feeling in this country that one can look forward to a steady gain in the future and one doesn't have to go out and get everything all at once. I know this sounds like a sermon, but I think this is where some of the present trouble lies, that if we all try to get what we are after too quickly we are bound to create this sort of acceleration in the growth of our expenditures that we see in these figures; but I would suggest you ask some of those questions about where we are heading of Dr. Deutsch when he is before the committee.

Mr. CAMERON: In light of the human race's notorious immunity to sermons, do you think you are going to be able to achieve it by that?

Mr. BRYCE: You notice that the Minister of Finance said that we should back it up with something in the nature of tax increases.

Mr. SALTSMAN: On this question of taxation, will taxation really solve the problem—the traditional fiscal tools, you tax a little higher to mop up the money? There seems to be some evidence to indicate that business or corporate taxation can be passed on. It is simply taxing at a higher level and it does not necessarily reduce the activity in society, but merely increases prices.

Mr. BRYCE: Of course, taxes can all be passed on in one fashion or another, depending on the response of those who bear them in the first instance. An increase in the personal income tax can lead those who bear it to demand more pay, whether they be workers or corporate executives or whoever. One has to try to gauge whether that will happen and take it into account. There is tremendous debate as to who really bears corporate income tax. After the Carter Commission has reported I have no doubt we will be debating that around here for a long time.

Mr. SALTSMAN: I think there are some interesting figures in these schedules you have given us which sort of indicate, despite the cries that have arisen in the country about the onerous taxation imposed on various elements in our community, the share that has gone to labour has not really changed at all, despite notions of how heavily taxed corporations are. With the proviso we do not know whether really all that has gone to labour in the traditional sense of labour—how much is to the white collar and administrative and executive, sales personnel and labour as such. I know this is not the work of this committee, but there seems to be a real need to look at the way we are distributing our income as well.

Co-Chairman Mr. BASFORD: Were you going to comment, Mr. Bryce?

Mr. BRYCE: No, I did not think Mr. Saltsman ended up with a question.

Mr. SALTSMAN: I raised my voice at the end, if you care to comment.

Co-Chairman Mr. BASFORD: Mr. Otto?

Mr. OTTO: Mr. Chairman, Mr. Bryce opened the subject and said that we are reaching full capacity in production. This is a common viewpoint, and I am not going to argue your viewpoint, but I want to know why you think we are reaching full capacity in production, acknowledging efficiency as something to