

APPENDIX B

SUBMISSIONS TO THE STANDING COMMITTEE ON FINANCE OF
THE SENATE OF CANADA WITH RESPECT TO THE THREAT
OF INFLATION IN CANADA

The Trust Companies Association of Canada appreciates the opportunity offered by your invitation to make submissions in connection with the threat of inflation in Canada.

This Association is composed of thirty trust companies with about one hundred and eighty offices located in large and small centres in every province in Canada. Its members consist of practically all the companies authorized by statute to carry on a trust business in Canada. They represent, also, many thousands of clients including corporations, unincorporated companies, charitable, religious, municipal and other organizations. As part of their functions they act as executors in the settlement of estates, as trustees on behalf of beneficiaries of trusts, and as investment managers of pension funds.

Assets administered by Canadian trust companies for the public at the end of 1958 were \$7,139,000,000. A substantial portion of these monies has been placed in the hands of trust companies for investment. About \$820,000,000 of this amount represents savings on deposit; about \$825,000,000 are the pension funds of employees and self-employed individuals who are looking to these accumulations to support them upon retirement. Altogether, about \$6,320,000,000 are assets of estates and trusts, including pension trusts, held for the support of widows, children, elderly people, dependants and those who rely for support upon the funds of charitable, religious and other public welfare organizations.

One of the basic functions of Canadian trust companies, of course, is trusteeship and the conservation of assets for the support of individuals on whose behalf these monies are held. In many cases sufficient funds have been provided to maintain dependants under present economic and financial conditions. The standard of living of these dependent people would be seriously affected by further inflation and continued erosion of the value of the dollar. A large number of those now existing upon limited or fixed income could be forced to live in very greatly reduced circumstances unless additional assistance should be forthcoming from governments or individuals.

A further loss in the purchasing power of money would wipe out a large part of the dollar value of the social gains made by the Canadian people in the post-war period. The value of government old age assistance and the pensions of employees and self-employed persons will be drastically reduced with a consequent lower standard of living. A substantial inflation may well destroy the social and economic fabric of this country, and be a significant and contributing factor in a complete breakdown of our present system of democratic government and loss of individual freedom through state control. Replacement by a form of government repugnant to the vast majority of people in this country could be inevitable and freedom of enterprise cease to exist.

To avoid the danger of such an event and to help preserve our present political, social and economic system, this Association suggests that the following steps be taken:

1. Reduce government spending.
2. Balance the budget.