

*Canada Corporations Act*

or they would discard them. That is their business. But I do not like those values for this country because I think we are a different kind of people. I resent tax laws that allow us to be dominated culturally by entrepreneurs of another country. There might have been some justification for these exemptions in the early stages of industrialization, but by permitting them to continue today we are distorting the market system.

I am not making a pitch for us to regulate advertising; I am not saying that we ought to control it, because I do not think anyone in government is wise enough to say how much one should spend on advertising, what form the advertising should take or how an advertiser should spend his advertising dollar. That is not what I am suggesting. I am suggesting that the product should bear its full selling costs. I say that selling costs should not be deductible for income tax purposes. If the product sells well, that is good. If by selling many items you lower your selling costs, as many people claim, that is very good. The success of your product will be reflected by success in the marketplace and it will not be subsidized with tax money. If the product does not sell, again that will show up in the marketplace. We cannot see how successful a product is so long as we allow advertising and selling expenses to be deducted for income tax purposes. The tax bonus that is conferred on the entrepreneur in this manner is tantamount to a direct subsidy. This is made possible by our present taxation system. I am asking that our tax system be changed to allow market forces to operate more accurately and specifically than they now do. Our large entrepreneurs always say they want to live by the market. But they are not living by the market, Mr. Speaker, because they are receiving a subsidy through our tax system. I do not think they are entitled to that kind of protection.

The third area I wish to touch on is that of retained earnings. According to our information about corporations, big corporations seldom have to go to the marketplace if they want money for expansion. Even when they do go to the market, they go there with the advantage of an AAA credit rating, and so on. It might be worth-while if we forced large corporations to pay out all retained earnings to shareholders. Corporations should not hold on to retained earnings or if they do those earnings should be taxed at a special rate. If the corporations need money for expansion, let them go back to the shareholders and the marketplace. I think the minister said that

[Mr. Saltsman.]

our capital markets are functioning smoothly. I say to him that our capital markets are enormously distorted because corporations can hang on to retained earnings. As a result they are not subject to the discipline of the marketplace; they do not have to explain their investment priorities to any banker. In my opinion this is not good. If those gentlemen who are in charge of our corporations believe so much in the marketplace, they should live by the marketplace. Then perhaps we might see some significant changes which would benefit our consumers.

I think this legislation is worth while, Mr. Speaker, and I am sorry it has taken 34 years to arrive. That it has taken so long is a powerful indictment against governments which for the past 34 years have directed this nation's affairs.

**An hon. Member:** I do not agree.

**Mr. Saltsman:** I exonerate the present minister from blame. It is hard to hold him accountable for the sins of previous governments since for all I know he may not have been born 34 years ago. We have come a long way, and I hope we do not have to wait another 34 years before seeing action based on the kind of information that will become available through legislation of this kind. I conclude by saying that unless we obtain a fairer tax system, and unless the government is prepared to act on the information that is obtained, this entire exercise will not have been worth while.

• (9:40 p.m.)

[*Translation*]

**Mr. Réal Caouette (Témiscamingue):** Mr. Speaker, Bill C-4 introduced by the Minister of Consumer and Corporate Affairs (Mr. Basford) is entitled "An Act to amend the Canadian Corporations Act and other statutory provisions related to the subject matter of certain of those amendments."

The members of the Ralliement créditiste have always expressed very clearly their faith in private enterprise and they are in favour of permitting private enterprise a maximum of development in order to reach standards of valid competition that will enable the consumers to benefit from reasonable prices while respecting the consumer sector of our society and of our national economy.

Many people have taken objection, in the past, to corporations, calling them, for