

Taxation Reform

they may not want, deliberately, some of the results of the system, they derive enough power from it to persist in maintaining it, and enough profits to be able to corrupt those in influential places.

I have spoken about the insanity in prices due to the increase in the rates of interest. When we speak of prices, we do not speak of goods or services, for they constitute real wealth, the fruit of the economic activity.

Indeed, prices are only one of the financial aspects of the economic system; they are no more than an assessment, expressed in figures.

There are citizens who benefit from the labour of the pioneers. To give you proof of this, I shall demonstrate that here in Canada, although there is unemployment, we contribute, through technology, to increase our production to a marked extent.

Thanks to technology, and in spite of the reduction in the labour force, we increase our production which amounted to \$72 billion in 1969, while consumption amounted to \$44 billion, and capital investments to \$28 billion.

Since consumption equals the production, if consumption in Canada amounted to \$44 billion and production to \$72 billion, the total price consumers should pay for that production should be \$44 billion. The balance represents a surplus.

If we have surpluses in Canada, they should be distributed to the people. So, we should not create inflation by increasing the interest rate and the salaries of professional people, as this gives rise to an increase in the cost of living.

To solve this problem, consumption should reach \$72 billion instead of \$40 billion, even if we have \$28 billion difference which had to be distributed as a compensatory discount on prices, instead of creating new taxes or increasing the old ones, as the minister is now suggesting.

In so doing we would act as competent economists anxious to help the people, to meet the needs of all Canadians rather than to exploit them shamelessly as it is the case at present.

The White Paper recommends to tax capital gains because it is impossible to tax more heavily the small wage earners who already have reached the point when they have to borrow money to live.

Taxing the low or middle income taxpayer is no longer possible because both are facing bankruptcy. But steps are contemplated to

[Mr. Latulippe.]

tax the small business which survived painfully with loans, to tax debts on debts, and taxes on taxes, because we are unable to find other solutions.

What should be taxed is capital gains and hidden profits. At the present time, preparations are made to tax even more the middle income group, but those who go too far, who pile up reserves of all kinds, will not be further affected.

To support my claims, I would like to give you statistics covering a number of years, namely from 1957 to 1966. In my opinion, it is appropriate to say that the big businesses make profits thanks to our present financial system. Those who, directly or indirectly, capitalize make a great deal of money that is never taxed. To me, the White Paper does not provide for the adoption of harsh enough measures against those who make considerable profits.

For instance, in 1957, the profits claimed by the major financial institutions totalled \$3,056 million, while the hidden profits amounted to \$7,335 million. In 1958, the profits claimed amounted to \$3,075 million and the hidden profits to \$6,975 million.

• (3:40 p.m.)

In those ten years large corporations and financial institutions have declared total profits of \$45,112 million for tax purposes and failed to declare profits of \$96,050 million.

If these corporations and institutions are so wealthy, it is because governments accumulate debts and deficits and because the people who work for such companies live from day to day and lack bare essentials.

However, these businesses are only tools of production or administration of goods and services, material intellectual or spiritual, to meet the needs of the human beings who make up our nation.

In order to show clearly and throw the light again on what has been done by our financial institutions in the past 12 months, I shall give some statistics. There are many institutions, but I shall speak mostly about financial institutions because they are the most important.

The assets of Canada's nine chartered banks went up from \$33,677,990,000 on July 31, 1968 to \$40,325,792,000 on July 31, 1969—an increase of \$6,647,802,000.

This increase in assets represents double the total number of notes issued by the Bank of Canada in the last 35 years, or \$3,287,000,000.