

The Budget—Mr. A. Lambert

especially the departments of Transport and Public Works.

Let us look at the first solution: direct income tax. Is it really true that income taxes cannot be more equitable? For my part, I feel personal income tax is much too high; it should be reduced to give the family head more income to meet the needs of his family, and allow single people to marry and have a family without going into debt for the rest of their lives. We must, for the sake of the future of this country, encourage the development of the family, instead of burdening it with yokes of such a nature as to destroy that vital cell, the very basis of our society.

When we study the reports of the big companies, the chartered banks, we must recognize that they are favoured compared with individuals. There are all sorts of very subtle ways in which they can avoid income tax, even under the law as it now stands. If the Minister of Revenue were to put as much effort in trying to force corporations into abiding by the law as he does prosecuting individual offenders, I think that hundreds of millions of dollars could be recuperated and used to reduce the increase in public debts, thereby reducing the burden of interests and taxes for individuals.

Let us consider for instance the last tax on fuel. There is no way individuals can escape paying it, while a corporate administrator could register such fuel consumption as corporation expenses and thus obtain a tax reimbursement. Another example is the case of chartered banks which are entitled to intern and secret reserves which are tax exempted. Until 1967, such intern banking reserves could be accumulated outside the knowledge of the public and shareholders themselves, although the Inspector General of Banks was aware of them. This was done on the pretense that such reserves could undermine public confidence in the stability of banks, which would harm the general interest. It has been argued that the secret nature of the internal reserves prompted bank directors to take risks which they would not take if they had to reveal the possibility of increased losses which could result from such a line of conduct.

● (1720)

Since 1968, the ceiling on tax free reserves has been established at 1½ per cent of the assets that are usable to this end, which accounts for practically all assets, except for loans and securities which are guaranteed by the Canadian government or by the provincial governments.

Under the minority government of 1974, and more particularly in his budget of May 6, the Minister of Finance proposed to lower the limit to 1 per cent because the losses incurred by the banks did not justify a higher limit. I wonder now why the minister of Finance does not follow up that idea by proposing that the reserve be brought to ½ per cent or completely abolished. A strong government ought to do that.

Therefore, I suggest that the Minister of Finance reconsider the question and authorize the officials to review all annual reports of chartered banks, and consider carefully the substantial increase in profits, when the rest of the people are beset by serious financial problems which are sometimes akin to poverty.

[Mr. Lambert (Bellechasse).]

He will certainly find that the capital-money and all privileges granted to chartered banks to cash the nation's real credit is one of the most important causes of inflation and imbalance of our economy. The Minister of Finance will find out that we have in Canada a private monetary system parallel to the official system, and that monetary stock from private industry, from chartered banks, is much more important than the official stock. The argument of this government in 1975 strangely recalls the argument of governments from 1930 to 1940, a crisis period when governments tried to meet the legitimate demands of people in the same way as today: We have no money. But the minute the war broke out in 1939, the governments were not concerned by the presence or the absence of money but they took the necessary action to participate—

[English]

The Acting Speaker (Mr. Penner): Order, please. I regret very much interrupting the hon. member before he has concluded his speech, but the time allotted to him in this debate has expired. However, with unanimous consent, the hon. member may be allowed to conclude. Is there unanimous consent?

Some hon. Members: Agreed.

[Translation]

Mr. Lambert (Bellechasse): I am most grateful to all my colleagues in the House. They may be sure that I will not take advantage of their generosity.

So I was saying that at the outbreak of war in 1939, the necessary funds were found for this large holocaust, which served what purpose finally? We are ready to start it all over again.

Let us not forget that our governments are as poor as the people, that the municipal, provincial and federal governments have only the money paid them in taxes or obtained through loans with the banks. The government gives to banks the power to make money while it is compelled to go to these institutions and pay them a high rate of interest for credit enabling it to run the country and feed the unemployed.

So as to prove that such a situation has been existing for a long time I would like to quote three or four lines from John Adams, former President of the United States. He was then having difficulties just like those which the Minister of Finance is experiencing today. He said:

The distress, the confusion and the misery prevailing in America are not due to some failures in the constitution nor to the lack of honour and virtue but to crass ignorance about the nature of money, credit and currencies.

That is what he said. So money, currency, credit are the same thing. Are banks their masters? By what principles do they abide in the making of money? In credit distribution? What are they demanding in return and why? So many questions to which school books give no answer. Yet, the problem seems crucial at this time. Why the mystery about where the money comes from? Is it not high time that mystery should be dispelled? Is it not high time to examine closely the money problem which seems to be one of the causes of the present economic stagnation, for one can reasonably say that conditions, social and economic, are now such that for a large number of people they