

Income Tax Act

maintain the people in this damnable stagnation that now prevails in Canada. That is the difference between the two of us.

Mr. Speaker, I did not introduce this system, and neither do I tolerate nor promote it. But the member for Trois-Rivières is among those who are responsible for the present system and I want the constituents of his riding to know it once for all.

Mention was made earlier of the report of the Economic Council of Canada which said that it might be necessary to consider seriously the Canadian monetary question. It is no longer possible to govern under the present financial system.

I just read yesterday in a Montreal newspaper that all the municipalities of the city of Montreal show at present a deficit of \$6,225,000. The municipalities have to pay or to contribute, to the debt service only, 60 per cent of the municipal budget.

And we would consider as adequate a system which obliges us to levy 3 per cent surtax—which is called “a necessary evil” in order again to drain the taxpayers of their income and the Canadian consumers of their purchasing power.

We are told: Let us try it for one year and we shall see what happens. What were the results of this tax approved by parliament last year? Inflation is worse today than it was a year ago. Restrictions were imposed on municipalities, school boards and provinces.

A federal-provincial conference on the constitutionality and distribution of the tax base in Canada has just ended.

They quarrelled about taxation rights. One by one, the provinces told the federal government: We have had enough of Canada's taxation power. The federal government answered: We need it, we shall levy taxes and then we shall distribute this money to the people.

Mr. Speaker, that has always been done in Canada, there has been taxation but when the time came to distribute the money to the people, the failure was complete on all fronts, even if it is said today that, in consequence, we have social security. I could speak all night on the subject of social security and on the way it is administered in Quebec and in other Canadian provinces. Mothers are compelled to humiliate themselves in government offices, to make known their poverty, in a country where there is an abundance of resources of all kinds. For this, they are given the measly sum of \$105, \$110 or \$125 per

month to support their spouse and five, six or seven children.

If that is economic stability, if that is the just society, I wonder where we are heading with the solutions now proposed by the government.

The hon. member for Trois-Rivières has nevertheless been honest enough to say that the Ralliement créditiste proposes a solution to that problem. What are we suggesting? We suggest the opposite of what the government proposes by pretending to spend according to the taxes collected. The limit of expenses should be in accordance with the taxation system. If we tax for \$10 billion, let us limit our expenses to \$10 billion. And meanwhile production surpluses are piling up in factories, in shops, at the wholesalers, in warehouses, everywhere in Canada.

Recently I had the opportunity to visit Western Canada. There is too much wheat in Western Canada and too much wood in British Columbia. In Ontario there is too much corn in the Toronto area and too much wood in Northern Ontario. In Quebec there is too much milk and too many other products. In fact the farmers were here only two days ago to acquaint us of their problems concerning milk surpluses. If we go to the Maritimes, we find there is an overproduction of fish, pulp, and potatoes in New Brunswick, as well as in Prince Edward Island. In this situation, the government says: our spending power lies in taxation. And what do we reply? We say that a responsible government should recognize that its spending power lies in the country's production potential, that our expenditures should be based on our production.

If we produce goods worth \$72 billion, we should issue enough credit to let our production reach the Canadian consumers. Then poverty would be efficiently done away with.

But Créditiste proposals are rather laughed at when they simply call on the governments to do in peacetime what they did so well in wartime. When we entered the war in 1939, under a liberal government, it was then said: Let us make financially possible what is physically workable. The first thing the Mackenzie King government did was to create, through the hon. J. L. Ilesley, Minister of Finance, to have the Bank of Canada issue 200 million dollars' worth of new, interest-free credits, to be used to start manufacturing guns, shells, destructive weapons and to “clothe” our young men who had gone naked for ten years, feed and house them, and pay