

Income Tax Act

who are the cause of it? The cuts imposed by the government hurt its own employees and strike at sections of the economy which are already depressed. Failure to provide adequate increases in pensions for large groups in our society has the effect of ensuring that those groups will continue to be among the worst victims of inflation. I contend that the use of funds for purposes of the kind I have indicated could not be considered inflationary if the government were at the same time to take firm measures in the areas where inflation is caused.

Under the proposals before us the individual income taxpayer is to be taxed at a ratio of four to one for the balance of this year and three to one next year as compared with corporate taxpayers. I said earlier that the bill might have been more attractive had it proposed a 5 per cent surtax on corporations and a 3 per cent surtax on individual incomes. I say this in the light of the results—I suppose one could call it the success—which the corporate community is now achieving in Canada. It appears that up to the present they have been very little influenced by the government's anti-inflationary policies. Months of preaching and pleading by government spokesmen aimed at getting the private sector to exercise restraint have produced little or no result. We have all heard talk about the example the national government itself was trying to set. What effect has it had on the private sector? None which is readily apparent. In fact, to judge by the actions of a number of corporations in the last few months, it seems to have had the opposite effect. While the government was cutting back, it seems the corporations were doing everything they could to maximize their profits and improve their positions vis-a-vis those of their competitors.

The action of the Steel Company of Canada, recently followed by the rest of the steel industry, proves that the private sector either has no faith in the success of policies the government is following as far as inflation is concerned or else they intend to act entirely in their own selfish interest, and the national or public interest be damned.

● (5:30 p.m.)

Let us take a look at the condition in which the corporations find themselves. Let us look at what I consider to be the primary contributor to inflation, bank rates. Surely, high interest rates are a major factor in inflation. Surely, they hit the ordinary people the hardest and the "firstest." Banks have ignored the

blandishments and pleadings of the Minister of Finance and the government. They have gone merrily on their own way. A surtax will not mean very much to them. Even an increase of 1/10 of one per cent in their interest rates will more than make up for any surtax they may have to pay.

In 1969 the Bank of Montreal enjoyed a very nice year with a net profit after taxes of \$32.5 million compared to \$25 million the previous year. This represents a 33 per cent increase. The Bank of Commerce had a net profit after taxes of \$41.3 million compared to \$32 million a year ago, representing an increase of 27 per cent. I should like you to inform me of any person in agriculture or a union member or a small businessman who received that kind of increase in the past year and a half. I submit you will not be able to find one anywhere in the country.

The Bank of Nova Scotia enjoyed a 26 per cent increase in its net profits, which jumped from \$17 million to \$27 million. The Toronto Dominion Bank enjoyed a 25 per cent increase. Its profits amounted to \$17.8 million as compared to \$14 million the previous year. The Royal Bank of Canada had the poorest increase. It only had a 12 per cent increase in its profits in 1969, that is \$40.8 million as compared to \$36.4 million. The poor old Bank of Canada, as compared with the others might be considered almost a social aid candidate. The total net profits of the seven chartered banks on my list in 1969 amount to \$164,141,000 compared to \$132,481,000 for 1968. That makes an average increase of 23.9 per cent this year over last year.

The Bible tells us how the money changers were driven out of the temple about 2,000 years ago, but it seems to me that the so and so's have snuck in the back door since. Today's interest rates amount to usury. This contributes to these unconscionable profits which make the people of our country victims of inflation through victimization by the banks. This cannot be allowed to continue.

To suggest that a 3 per cent surtax will fight inflation is just sheer nonsense. No corporation, Bank or any kind of big business will really be affected by this tax because they can easily absorb it. The surtax figures we have show \$5 million for 1969 and \$40 million for next year in respect of corporations. They will absorb that increase very easily through price increases and through a marginal increase in interest rates that most of us will not notice. These institutions will not be affected in the slightest. They will not be harmed. They will still have all the money

[Mr. Benjamin.]