

Income Tax Act

absolutely stupid. I know what will happen. When we go to the other place asking for royal assent, the parliamentary secretary will rush into the Senate and say to Mr. Speaker there, "I have another amendment to make."

I could go on for some time in this vein, Mr. Chairman, but I think I am slightly out of order. I think you will agree with me there. I was provoked to enter the debate, having been sitting quietly behind the curtains minding my own business. Then I was invited to come in so I made that point. In my opinion, the reason this bill has taken so long is that it is the stupid action of a stupid government.

[Translation]

Mr. Leblanc (Laurier): Mr. Chairman, taking part in this debate, I would like in the first place to point out my interest in this matter, since I am one of the founders of the Caisse populaire Saint-Denis in Montreal and was president of that caisse up to 1964, the year I was elected to Parliament.

As the previous speakers, I am in a position to appreciate the important social and economic role played by the caisses populaires. I am pleased to note in the galleries this evening people interested in co-operatives, credit unions and caisses populaires and I hasten to welcome them.

Evidently, it is easy for the opposition to criticize a tax bill carrying out a complete and essential tax reform which Her Majesty's loyal opposition undertook in 1962 by creating the Carter Commission. At the present time, they are criticizing several points of the bill under consideration and they have become the protectors of the widow and child. This evening more especially, they want to be the sole defenders of co-operatives, credit unions and caisses populaires. I want to put on the official record that we too, of the Liberal party, are most concerned by this subject, and, obviously, we want to make this legislation as equitable as possible.

To this purpose, we have finally managed to bring before the House a reform which may not be perfect, but, to my knowledge, no income tax act is perfect in any country. The bill before us is but an attempt to correct certain anomalies which existed previously, to fill several loopholes, and to tax certain people who, previously, did not pay any taxes.

Let us not think, Mr. Chairman, that the caisses populaires in particular are opposed to paying taxes. I think this is worth mentioning. When their representatives appeared before the Committee on Finance, Trade and Economic Affairs—of which I had the honour to be a member—we heard during the morning of Thursday, June 18, the representatives of co-operatives, and in the afternoon, those of the caisses populaires. On that occasion, I was pleased to put certain questions to them. At page 6613 of the proceedings, one can read what Mr. André Morin, Director of the research service of the Fédération des caisses populaires Desjardins de Lévis, said, and I quote:

• (8:40 p.m.)

Mr. Leblanc, if you don't mind I will try to answer your question. In the past co-operatives were not subject to taxation during the first three years. In our brief, we agree that this assisted co-operatives to begin operations. We do not have too many examples of

[Mr. Baldwin.]

this to give you. We agree that this exemption of three years should be eliminated—

Regarding my suggestion that the Caisses populaires do not object to being taxed, Mr. Morin had this to say:

We agree that this exemption of three years should be eliminated for the simple reason that in practice during the first three years a co-operative does not have that much surplus.

Reference is mostly made to co-operatives as no taxes were then levied on Caisses populaires. But I know the same principle applies equally to the latter and we had the privilege, at the recent Quebec caucus, to welcome the representatives of the Caisse populaire of Lévis which is the main organization of its kind in Quebec.

We were repeatedly told that the movement was prepared to pay taxes but not according to the ways set up in Bill C-259 before the amendments were introduced. In fact, when they were submitted to the House the amendments of the minister of Finance (Mr. Benson) were not tabled in full.

Certain amendments to the bill have been tabled since that time.

And Mr. Morin went on:

In practice there would be very little tax to pay. And if it is a privilege which is granted to co-operatives only, this might give rise to political difficulties. There will be talk about the co-operatives' privileges when, in fact, this privilege brings them very little tax relief.

Of course, they are prepared to pay taxes because they have today assets which the founder of the Caisses populaires evidently never expected they would build.

In their brief which can be found on page 66:146 of the Proceedings of the Committee on Finance, Trade and Economic Affairs there is the following introduction and I quote:

INTRODUCTION

This brief was prepared by La Fédération de Québec des Unions régionales des Caisses populaires Desjardins, grouping in Quebec 1,310 Caisses populaires, owned by 2,375,000 members. As of December 1969, the total assets of these 1,310 Caisses populaires amounted to \$1,854,000,000.

One must therefore admit the importance—and this is fortunate for the province of Quebec—gained by those financial institutions. In fact they render tremendous services but they no longer want to be cast aside and be denied participation in our overall economy.

One of the points raised following the introduction of Bill C-259, and which I consider most appropriate, deals with the global business ceiling set at \$400,000 by this bill as the cumulative income before tax to enable corporations to qualify for the 25 per cent rate. And in a submission to the Minister of Finance dated July 1971, the representative of the caisses populaires stated the following:

The method to be used in computing the total business limit of \$400,000 under section 125, calls for some explanation in the case of caisses populaires.

Now, since then, we have given some explanations to the caisses populaires. I resume the quotation:

We believe that an equitable formula to establish annually the portion of the surplus after taxes which should be used as a basis for the computation of the total business limit of the caisses populaires, would be that portion of the surplus after taxes, if any,