

Income Tax Act

receives a scholarship worth \$4,000 or \$5,000, with the exception of \$500 it will be subject to income tax.

This is a country that should believe in the development of human resources and should place almost unlimited funds at the disposal of young Canadians so that they may become actively engaged in our educational processes, yet it is proposed to impose a tax on scholarships and bursaries. Most other countries, especially the developing ones, must regard this as a joke. Yet we are a developing country, a country of vast raw, undeveloped resources. We have a population of 22 million and need to develop our skills to the greatest extent, yet it is proposed to tax scholarships and bursaries and other financial rewards given to outstanding students. This proposal should be reassessed if we are to encourage our young people and realize the value of human resource development.

I challenge any economist in Canada, the United States or Europe to deny that there is but a positive correlation between the educational development of a nation and its economic development. The reason for economic development may not necessarily be educational development, but the fact is that in most nations this does seem to be the case. I contend, Mr. Speaker, that we should never take any action which will discourage the development of our human resources.

Another point which I realize will be presented by other hon. members is the impact of this tax legislation on the co-operatives of Canada. There are not many co-operatives in my province—only five or six in my riding of Gander-Twillingate—but I think each one of them has made representations to myself and the Minister of Finance (Mr. Benson). They claim that the co-operative movement is in danger of having to completely reform its foundation and to become a corporate structure if it wants to survive, unless there are changes to Bill C-259. The fact that they will be forced to redirect their profits to the investor rather than the patron of the co-operative, and the increase of taxable reserves from 3 per cent to 5 per cent, means they will have to be restructured or go out of existence.

I should like to know who drafted this provision and why. It seems to be an attack on the co-operative movement and the credit union movement. Is there someone in a back office with some kind of a hang-up on co-operatives? When the hon. member opposite who is the expert on tax legislation is giving his prepared dissertation soon, I should like him to tell me the reason. We strongly recommend that the government reassess its position on this tax bill as it pertains to co-operatives in Canada.

The third point I should like to make briefly, Mr. Speaker, concerns the impact of the total tax legislation on the unincorporated, small business. In the last several years we have had considerable discussion about effective tax arrangements for the small incorporated business, but nothing on the unincorporated business. There must be thousands of them across Canada wondering what their future is to be—firms employing four or five men to drive trucks or, for example, small lumbering operations. They must be terrified by the complexity of the legislation

[Mr. Lundrigan.]

before us and the fact that there is no protection for them under the tax laws of the land. This is making some businessmen wonder why they should not just try for a job in a factory so they can come home at five o'clock in the evening to enjoy supper with the family and forget about the economy of the nation.

Everybody looks at General Motors, Imperial Oil, the American Oil Company. Has anybody ever looked at the small, unincorporated businesses in Canada? They do not have a very sophisticated structure and cannot present their case or briefs to the Minister of Finance and the House of Commons, but I would like the government to consider these people before driving them out of business altogether. The headache of running a small, unincorporated business when you do not have protection under the law taxwise, so to speak, when you do not have the assistance of accountancy firms and tax lawyers, must be unbearable. I make a plea on behalf of these people.

● (8:40 p.m.)

I wish to make a fourth point. I am trying to make a few simple points about subjects that have not been covered very extensively. In my province it has been announced that one of seven paper-making machines in the Bowater complex in Corner Brook, Newfoundland, is being closed. You will be hearing more about this as the days go by. When the announcement came, everybody got up in arms and said, "What are we to do to avert a disaster and to prevent between 1,000 and 1,200 people becoming unemployed?" "Conversion," some say, "may be possible." We must remember that even if we convert a piece of paper-making machinery, the conversion will take time and that will mean temporary unemployment. As I say, the conversion process will take time and put some people out of work. I am using this as an example.

Many industries in Canada today are finding that they must change their manufacturing process. In other words, they are being forced to change their entire process and are thereby forced to retrain their people or lay them off. I should like the government to take a much closer look at the question of industrial retraining. Let us not wait until the fish and chip factory in Prince Edward Island is forced to close its doors simply because it must bring in new machinery to manufacture weiners, say, and must retrain people to manufacture them. Could the Minister of Manpower and Immigration (Mr. Lang), who is responsible for most of the industrial retraining programs in Canada, not work with industry and bring about major changes in industrial retraining so that the workers who otherwise would become redundant could retrain and readjust to new methods and not be thrown out of work?

I should like to see some of the experts from the Department of Manpower and Immigration look into this question. They are not like hon. members of this House who are generalists, who have some knowledge of a few things and perhaps not a great deal of knowledge of many things. I should like to see civil servants in the Department of Manpower and Immigration who earn between \$30,000 and \$40,000 a year get together with ministers of education in the provinces and personnel in