

## Income Tax Act

katoon-Biggar (Mr. Gleave) during the budget debate of this past June. I do not think I can do any better than quote him in order to illustrate my point. My colleague said, as reported at page 7454 of *Hansard*:

For a reason known only to themselves, the government has decided to jump this tax from 3 per cent to 5 per cent. This will cause a severe dislocation in the allocation of earnings and investment within the cooperative movement. The decision as to how to reinvest money within the cooperative for the growth of the cooperative will be seriously affected by this new tax pattern. Decisions will have to be made that are not necessarily in the interests of the members of the cooperative, but in line with the taxation policies of the government.

He went on to quote the opinion given by a very prominent firm of auditors, as follows:

A preliminary review of these provisions indicate that the 5 per cent may only be reduced by interest paid to members as contrasted with dividends paid on shares held by members. These provisions would appear to severely limit the deduction of patronage as compared to the present system.

Then, the hon. member continued:

I am at a loss to understand why the government deliberately set its sights on a very small sector of the economy in terms of total capital invested, and people participating, to restrict through taxation the activity of cooperatives which are truly Canadian owned and have a policy to grow, develop and serve the people.

Similarly, the credit union societies of Canada fear the effects of this legislation upon them. I have received numerous letters from credit union societies in my constituency which deal with this point. I think it might be worth while reading a paragraph or two from a letter written to me by Arborg Credit Union Society Limited. It reads, in part:

Since the disclosure in June that credit unions will be very much affected by the tax reform legislation, we have been exceedingly concerned with the threat that the tax proposals constitute for credit unions. If enacted, Mr. Benson's proposals will severely undermine the definitive characteristics of credit unions and will surely place them at a disadvantage in the competitive business market.

It is our contention that Bill C-259 reveals a very basic misunderstanding of the nature of credit unions and hence projects a tax formula that is inequitable and entirely unacceptable.

Specifically, our concerns have to do with sections 125, 137, and 189 of the tax reform bill.

The representatives of this Credit Union go on to say that they have made their objections known to the Minister of Finance (Mr. Benson) in letters. Finally, they ask for assistance in obtaining a meeting between the Minister of Finance and the National Association of Canadian Credit Unions in order that he might hear their objections to the legislation. I have written to the Minister of Finance regarding this case. I hope he will grant these people the interview which they have requested.

I have gone over a number of points, Mr. Speaker, by which I have attempted to demonstrate that the tax changes before us really do not constitute tax reform, that they lack imagination and that they are based on a fundamentally false philosophy. In brief, Mr. Speaker, the tax system incorporated in this bill does not represent reform. It does not provide anything in the way of equity or any of the urgently required innovations in the structure of our economy. On that basis, there is no choice available to anyone truly committed to tax reform but to vote against this bill. That is what we on this side of the House intend to do.

• (3:30 p.m.)

**Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador):** Mr. Speaker, Bill C-259, introduced by the Minister of Finance (Mr. Benson), is entitled "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act". It is a shame that Parliamentary procedures prevent the use of the author's name. "By Edgar G. Benson" would have quite a ring to it and would appeal to the readers. It is a pity that our procedure forbids a jacket such as you find on other best sellers, a jacket with a full colour-photo of the author and a brief biographical sketch. Surely, this five pound, 14 ounce, 707 page masterpiece is destined to become a national best seller. I will read the title again, "An Act to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that Act". That title alone should cause thousands, if not millions, of Canadians to rush to Information Canada to purchase first edition copies.

**Mr. Knowles (Winnipeg North Centre):** Will the minister autograph them?

**Mr. Peddle:** There should be a foreword by the Prime Minister (Mr. Trudeau) which could read something like this: "The Minister of Finance has my full support. I am willing to accept full credit for the popular proposals in this work, but I disclaim full or, in fact, any responsibility for those proposals which are unpopular." On the inside cover, there should be a simple little dedication: "The Minister of Finance dedicates this book to his colleague who has been his inspiration and who has helped so much in its production and writing."

To complete the picture, there should be testimonials from the country's leading newspapers and magazines. The testimonial from the *Globe and Mail* could read like this: "For Canadians, a startling new perspective, in language which clarifies nothing and confuses everything—the book which stupifies and bewilders lawyers and tax experts." The one from the *Ottawa Journal* could read: "Carries tax—not sex like the paperbacks—"as far as it can go." From the *Ottawa Citizen* we might have: "Bill C-259 has everyone playing a guessing game about the real significance of its scandalous proposals. Heavy reading—to pick it up is to drop it after two minutes from sheer exhaustion, mental and physical." The one from the *Montreal Gazette* could read: "One of the most powerful political fantasies of our time. The perplexities of taxes have seldom been explored more subtly or with less meaning." It might be asked why I try to ridicule this bill. The answer is simple. It is ridiculous. It calls for and demands ridicule.

I just came down from my fifth floor office. I carried this bill with me, and I had to rest three times. There is no necessity for a bill of this size. I see no reason for it except that it is part of this government's general policy of confusion, trickery, subterfuge and blindfolding the devil in the dark. This is the attitude of this government. It is called participatory democracy, according to the slogan in 1968. The government said "Come join us; participate with us."