

Income Tax Act

money. Perhaps we could return to beads as the form of barter! I think my own economic power would be greatly enhanced in this way, Mr. Speaker.

My main purpose in rising tonight to participate in this debate is to join hon. members from both sides of the House in their pleas to the Minister of Finance (Mr. Benson) on behalf of credit unions and co-operatives. There have been some eloquent speeches in this regard and I do not want to go over ground already covered by a number of my colleagues. I think we all know the part that co-operatives have played in the life of Canada and the life of members of our constituencies. I think we all know, too, the part that credit unions have played in the life of Canada. However, I should like to take a few minutes to read excerpts from some of the correspondence that I have received on this subject. In a letter from the B.C. Central Credit Union, signed by Mr. R. A. Monruffet, four points are put forward which indicate some of the concerns that credit unions have been bringing to my attention. These points are as follows:

- (1) There is no provision in Bill C-259 permitting a credit union to deduct as a business expense the dividends it pays to a member on the money deposited by a member in credit union shares. The failure to provide for this provision would appear to result from failing to realize that credit union shares are a form of deposit and are not like the shares of a banking institution. The lack of this provision will most seriously affect the provincial central credit unions and the Canadian central credit union, which organizations were created to provide stability to Canadian credit unions.
- (2) Credit unions are concerned about the manner in which the provisions of section 125—reduced rate of tax—will be applied to them. Credit unions have suggested that their methods of operation be considered and provided for in this section.
- (3) There are serious limitations drafted into Bill C-259 restricting the investments of credit unions. It seems most unusual to provide for taxation to apply to an institution and at the same time by a taxation statute to restrict the manner in which it can operate.
- (4) Credit unions feel that the imposition of a capital employed formula on their methods of operation is punitive.

I think this sets the tone of the representations that many hon. members have been receiving from credit unions.

An hon. Member: Do you agree with it or not?

Mr. Marchand (Kamloops-Cariboo): Here is a letter from the Shuswap Consumers' Co-operative Association, signed by Mr. A. Olson, president. I should like to read a few paragraphs which will indicate some of the concerns the co-operatives have about the tax bill which is before us for consideration. Mr. Olson writes:

Mr. Benson has presented a tax reform bill that I personally feel is duly unjust to co-operatives and credit unions and will eventually create a hardship upon these people oriented organizations.

Your government has seen fit to set up a department of consumer affairs to look after the interest of consumers. We in the co-operative and credit union movement have been doing this for years. Now you have decided that the savings we have been able to create for our members must be taxed before you give it back to the members . . .

We have tried to establish for our members and consumers the cost of retailing consumer needs. We do this as near as possible to cost and provide not only a guideline but do also stabilize the cost of consumer products within a given area.

I am at present a manager of a credit union, and also president of the board of directors of a consumer co-operative. In both of these organizations, there are no directors' fees, no high-cost director expenses; the people who serve or these boards are dedicated

people, dedicated to the interests of consumers, interested in seeing that people get the best break in consumer purchases. Now you want to tax this effort.

The next letter is from the Canoe Co-operative Association. The gist of this letter was dealt with in some detail by my colleague the hon. member for Grenville-Carleton (Mr. Blair) in his remarks the other day. I shall read the closing paragraph of the letter to indicate some of their feelings:

• (9:20 p.m.)

On behalf of over 1,000 co-operative members in this area, we urge you to study our proposal and that of the co-operative delegation that visited Mr. Benson. The proposal as put forth by Mr. Benson could well mean the death of many co-operatives, not only in this province but right across Canada. Co-operatives are owned and controlled by the people in any community.

Mr. Speaker, judging by the performance of the Minister of Finance and the way he has listened to the people of Canada on matters concerning the white paper and taxation, I am confident that the plight of co-operatives and credit unions will receive every consideration.

Mr. Benjamin: Is that a caucus secret?

Mr. Marchand (Kamloops-Cariboo): That is not a caucus secret; it is just the way I feel.

Mr. Benjamin: I wonder about the hon. member's confidence.

Mr. Marchand (Kamloops-Cariboo): I have confidence in the minister.

Some hon. Members: Oh, oh!

Mr. Dinsdale: That is just blind confidence.

Mr. Marchand (Kamloops-Cariboo): I do not agree with the remarks of the hon. member for Simcoe North (Mr. Rynard) who a short while ago spoke about the white paper. We have been listening to the Canadian people. The government listened to the people after the white paper was introduced. After all this, hon. members on the other side said, "I would not trust that government one bit, because the white paper shows the kind of legislation you will be getting. They are going to shove this white paper down your throat; there is no consultation with the people at all. This is how it is going to be." Now that the government and the Minister of Finance have listened to the people, hon. members opposite are crying that we are backing off and that we are afraid of the white paper's approach. I do not agree with what they say. I am most proud to be a member of the government party, a party that has made this approach. It is a government that has considered and listened to the views of the people of Canada before bringing in legislation, particularly legislation of such a complex and far reaching nature as the bill before us.

Mr. Benjamin: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Laniel): The hon. member knows that he may only ask a question with the permission of the hon. member for Kamloops-Cariboo and if the hon. member agrees to answer.