

Income Tax Act

and statistics, that the large organizations and corporations accumulate huge profits by comparison with Caisses populaires.

Mr. Chairman, I wish to state my point of view on the precise aim of this legislation and its possible consequences in the years to come on the development of Caisses populaires in Canada, and particularly in Québec, where these organizations play a most important part for the benefit of a large section of the population.

Mr. Chairman, before taxing caisses populaires, which are considered non-profit institutions since their shareholders never enjoy the invested capital as compared with that invested in banks or other financial or industrial institutions, it has to be shown that it will not be done to prejudice their development or to punish them, because they can compete with banks and other financial institutions of a capitalistic nature whose aim is profit for itself.

The primary objective of caisses populaires is to provide service to their members, not earnings from invested capital. That is the basic distinction one must consider before imposing the same taxes on co-operatives and caisses populaires as on companies, banks and other institutions whose responsibility is limited but whose profits are limitless, whose capitalization is also limitless through numerous legal formulas that have become their exclusive privileges, which privileges are not accessible to co-operatives and caisses populaires which deal only with their members or in restricted areas, whether parochial or municipal, while the large capitalistic corporations can operate on a provincial, national and international basis.

Does that situation not warrant special consideration, special evaluation when time comes to take away the meagre profits required by caisses populaires and co-operatives to guarantee their proper and prosperous administration and forcing them to operate in the red through tax measures both annoying and detrimental?

I love Canada, my country. Far from me the idea of criticizing at random or without rhyme or reason. Throughout my lifetime, I have resorted to the services of banks and credit unions, services which both kinds of thriving organizations offer to all citizens at different levels of economic activity. I am proud of the good understanding between both co-operative and capitalistic institutions under the supreme authority of the governments and which are also conservative as regards certain utilitarian operations for various classes of society.

May I point out, Mr. Chairman, that it is one o'clock?

[English]

The Chairman: Would there be agreement in committee that we might call it one o'clock?

Some hon. Members: Agreed.

The Chairman: It being one o'clock, I do now leave the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2 p.m.

[Mr. Latulippe.]

[Translation]

Mr. Latulippe: Mr. Chairman, as I was saying before lunch, I grant that good will and guarantees of success and growth should be maintained as regards these two categories of institutions, but if this must be, tax reforms should not reduce profit opportunities for the caisses populaires. They are far from enjoying the same latitude as chartered banks concerning competition related to services which they provide to people.

In this regard, Mr. Chairman, one should see how the capitalization of chartered banks and caisses populaires has increased from 1900 to 1934 and from 1967 to 1971. If 1900 marks the beginning of this century and of the caisses populaires, 1934 marks that of the Bank of Canada at the top of the whole banking system. It was in 1967 that the latest changes were made to the chartered banks, the caisses populaires and the near banks, insofar as their relations with the federal government are concerned.

I do not want to be too long, but one should remember, Mr. Chairman, that the money supply increased from \$24 billion to over \$36 billion from 1968 to 1971. This is no joking matter, Mr. Chairman, an increase of \$12 billion in the money supply, in our banking system, in the last four years; the increase was of \$24 billion during the years that followed the establishment of our banking system and of \$12 billion—that is over 50 per cent—from 1968 to 1971 inclusively. That is that as far as the money supply, bank deposits and money in circulation are concerned.

What was the small share of the caisses populaires in the last four years? Not even an increase of half a billion dollars. So that the caisses populaires may continue to be of service to the people, we must not tax them further nor must we reduce further their chances of making reasonable, appropriate and sufficient profits to at least remain in operation. Besides co-operatives we have large companies, big financial establishments and chartered banks which have a lot more opportunities to grow, to make profits and build reserves as well as to increase their capitalization while paying their taxes and making money for their shareholders. Whatever his position in society, the individual must learn to live with royal commissions of inquiry, with the famous white papers, with a 707-page bill like the one now before the House. And what about the 599 pages of amendments and supplementary explanations and the Carter report with its 2600 pages? If the Canadian citizen wishes for a just society in a united Canada I earnestly urge hon. members, before they complete the study on banks and Caisses populaires taxation, to read the tables shown on pages 1234 and 1239 of the 1970-71 Canada Yearbook, dealing with chartered banks and Caisses Populaires.

It contains the following figures. Caisses populaires have an equity capital of \$1,328 million and chartered banks of \$303,758,000. Caisses Populaires and chartered banks have reserves amounting respectively to \$185 million and \$1,189,126,000. Caisses Populaires have \$4.64 billion in capital assets and chartered banks, \$42,578,338,000.

Mr. Chairman, caisses populaires have accumulated \$4 billion in capital assets and reserves of \$185 million on \$1,328 million invested capital. Banks have accumulated capital assets of \$42,578 million and reserves of \$1,189 million on \$303 million invested capital. Banks assets