

agencies that they found overpowering. Many people saw in co-operatives their only means of defence, and that is how this idea spread across the province of Saskatchewan.

Today you can go to almost any small town or village in my province and find a co-operative store. That store is run and directed by local members who are residents of the community. You will also find that in many small towns and villages in my province there is a credit union where local people deposit their money and borrow money that is needed to keep a business, farm or household going. The grain growers of the province got together and formed the wheat pools. As I said, all these organizations form an important and integral part of rural life, indeed, of all life, in Saskatchewan. I do not want to see this way of life threatened. I think it is valuable and should be preserved.

Really, the basic philosophy behind a co-operative is different from that behind a corporate business enterprise. The purpose of the co-operative is very much different from the purpose of the huge multi-national corporation or of any other corporation in the country. For example, the money made by credit unions and co-operatives is not really a profit. Any surplus earned by the co-operative represents savings for the advantage of the members. The co-operative, therefore, does not really earn an income in the way that other corporations or business enterprises earn an income. The money that co-operatives or credit unions make as profit, if you want to call it that, is paid out in turn to the members in the form of dividends. Of course, this money is taxed at the personal level after it is in the hands of the individual members. The very philosophy of the co-operative is that one member shall have one vote. Co-operatives have arisen because people of a community have got together, regardless of financial background, and formed an institution with which to help themselves. This is the type of thing we ought to be encouraging and not discouraging in Canada.

There are many co-operatives, credit unions and other co-operative institutions in my constituency. I have received literally dozens of letters from them. I could follow the example of the hon. member for Peterborough and read several letters from older people who have been in the co-operative and credit union movements for many years. I could read several letters from managers from various credit unions and co-operatives who are expressing concern about the effects of the tax bill; however, I will not do that at this time. I shall simply read part of one letter that I received the other day from the general manager of the Yorkton Credit Union, one of the largest credit unions in our part of Saskatchewan. To show hon. members how well accepted and widely used this institution is, may I quote one or two sentences from the letter, as follows:

We are writing to you as the representative of this constituency in the House of Commons in Ottawa in connection with the new tax provisions now before Parliament. This credit union is made up of 5,932 members—

That, Mr. Chairman, shows that nearly 6,000 people in one community belong to one credit union. As the hon. member for Peterborough said, many of these people could not get the financial assistance they need from

private banks or private financial institutions, and therefore they make use of their credit union.

I realize that some of the amendments which have been introduced go a long way towards satisfying some of the wishes of the credit union movement. As I said before, I hope the minister and the parliamentary secretary will display the same attitude towards the co-operatives.

I think all members of the House received a letter the other day, dated October 15, 1971, from the Co-operative Union of Canada. That letter is very important and I should like to read part of it this afternoon. It is addressed to all members of the House of Commons and reads:

Gentlemen:

Since we wrote to you on September 20th, the government has introduced amendments to Section 135 of Bill C-259 relating to the taxation of co-operatives.

Co-operatives wish to advise you that these amendments do not meet the objections of co-operatives.

Co-operatives insist that the fundamental distinctions in their nature be respected by the taxation statute. These distinctions are:—

I think it is important to note the distinctions between co-operatives and private corporations. I continue quoting:

(a) the co-operative provides primarily a self-help service required by its members.

(b) the co-operative distributes its earnings to its members in proportion to member business.

(c) the co-operative raises and "services" its equity capital by revolving the same in relation to the use of the co-operative by its members.

(d) the capital contributed by a member of the co-operative is to provide himself with services and not to produce a return on investment.

These are some of the things that we must keep in mind when considering the legislation that is before us. There are a number of other things I could say in relation to co-operatives and credit unions. I am sure the Parliamentary Secretary to the Minister of Finance, that congenial soul, will take these suggestions very seriously. I am sure he now understands the objections of co-operatives right across Canada.

• (4:30 p.m.)

As I have said before to the parliamentary secretary, these cooperatives are very much a part of life in Saskatchewan, particularly in the small communities. We all know about the rural urban shift. Last year the population in the province of Saskatchewan dropped by over 30,000. One of the things that makes a rural community viable is a co-operative or a credit union. If we do anything to impede that development, we add to the rapid exit of people from rural Canada to the urban centres. This is of real concern to many Canadians. We should not try to expedite that trend in any way, shape or form through the taxation system. We should be doing exactly the reverse, trying to help people stay and find jobs in rural areas.

I want to make a few general comments on the tax bill before us. It is a very big and comprehensive bill containing over 700 pages, but it does not represent real tax reform. I was surprised and perhaps even amused by the remarks of the member for Edmonton East. He complained about the tax bill being a very socialistic measure. I do not know how anyone in his right mind could take these comments even a little bit seriously. This is exactly what the bill is not because it protects the status quo in