

Income Tax Act

people. We worked together, saved together, pooled our limited resources to help each other, worked and served without remuneration for the benefit of group as we were able and thus helped our community as well as ourselves.

Policies, decisions and election of officers are run in a democratic manner on the basis of one member, one vote.

Seventeen years ago many people were caught in a vicious poverty cycle. Unable to borrow money to buy a house they were condemned to rent at every increasing rental fees without hope of reprieve, or unable to borrow funds to start a small business or to become self-employed, they were forced to keep working at whatever was available just to keep from falling more deeply into poverty.

If you will recall, banks at that time were unwilling to loan money unless secured by bonds or other like collateral. Thus if a man had to borrow, he was forced to deal with the loan sharks of finance companies who charged very high rates of interest (over 20 per cent), and in addition had hidden or penalty charges with which they snared the unwary borrower.

Credit unions gave the average man the chance to better himself by encouraging him to save whatever he was able and for which he was able to earn a reasonable return of 3 per cent to 6 per cent. In addition he could borrow money for any useful purpose at a reasonable rate of interest (1 per cent per month on the unpaid balance). The loan being covered by life and disability insurance.

Mr. Chairman, this letter expresses very succinctly, in part, the history of a small credit union in a small parish in a small village in central Ontario, namely, Lakefield. It expresses a history which has been repeated time and time again in various parts of this country. It expresses the service that credit unions of this kind have given to people who were denied comparable services at comparable rates by other financial institutions.

Mr. Alexander: When did you find that out?

Mr. Faulkner: If the hon. member for Hamilton West will bear with me, he will learn something from this speech. I know there are credit unions in Hamilton. We have heard a great deal from him on other subjects and now he should develop the same capacity for listening as he has developed for speaking.

I said I wanted to be brief, Mr. Chairman. I am simply making this intervention because these matters were raised at the meeting I had with credit union representatives in Peterborough. At the end of the meeting a resolution which had originally been put forward by the Ontario Credit Union League Limited was agreed to. They felt that if the government could see fit to accept this proposal it would help the small credit unions considerably. I am putting it forward, having outlined the background to the Parliamentary Secretary to the Minister of Finance and to the Minister of Finance himself. I ask them earnestly and sincerely to consider this proposal and to see if they cannot accommodate the desires of the people with whom I met the other night. I will simply read the proposal:

(4:20 p.m.)

That credit unions which, within 90 days of the end of the fiscal year, distribute sufficient earnings, after providing for the statutory transfer to the guarantee fund, to reduce their undivided earnings to an amount not in excess of 5 per cent of their net income (after the required transfer to the guarantee fund) for the fiscal year shall be exempt from tax.

This proposal, it was felt, would protect the small parish credit union and would protect those credit unions which

[Mr. Faulkner.]

distribute money to members which, as we know, is taxed at the personal level. This proposal was put to me seriously and sincerely. It is a proposal which I now commend to the government. I ask the government to consider it carefully and see if it cannot be incorporated in the bill. I have talked to the Minister of Finance and have talked to the parliamentary secretary. They are compassionate, generous men and, I am sure, if they can possibly accommodate my constituents, they will.

Mr. Alexander: And what does the parliamentary secretary say? Is it yes or no?

Mr. Nystrom: Mr. Chairman, first may I commend the hon. member for Peterborough for bringing forward the case of the credit unions in his constituency.

Mr. Alexander: He was showing compassion.

Mr. Nystrom: I hope that we can get agreement in this House about the type of amendments that will be moved relating to credit unions and co-operatives. I know that last week the Minister of Finance introduced a number of amendments relating to credit unions, and I know that some of those amendments go in the direction that credit unions want. Nevertheless, co-operatives and co-operative union people of Canada are still unhappy about the lack of real consideration which has been given to the co-operative movement. The hon. member for Peterborough suggested in his speech that there are many people on this side of the House who, like myself, want to see the tax bill as proposed amended to take into account many of the suggestions made by the co-operatives and credit unions of this country. I know that many members of the Conservative party and of the Social Credit party feel the same way; so, perhaps we ought to convince—

Mr. Alexander: The parliamentary secretary.

Mr. Nystrom: —the parliamentary secretary and the Minister of Finance.

Mr. Alexander: The parliamentary secretary is the one whom we must convince.

Mr. Nystrom: Seriously, we must try to convince the Minister of Finance to bring in more amendments to this tax bill. Since a number of people on both sides of the House agree on the types of amendments needed in this area, let us bring them forward.

Mr. Mahoney: At the rate we are going, we will never have the chance.

Mr. Nystrom: Let us show the people that there is participatory democracy at work in this country. Let us listen to the grass roots opinion. We can arrive at a consensus.

Since I come from Saskatchewan, the co-operative movement is particularly important to me. I have always been an active and ardent supporter of credit unions, co-operatives and wheat pools. In the 1930's many farmers and working people of my province faced difficult economic conditions. First, they could not grow the grain because of the drought, and even if they managed to grow something they could not sell their produce. They had to fight the grain exchange in Winnipeg and the many other