

*Income Tax Act*

they may continue the good work which they now do. I have, as have many members of all sides of this House, received letters from people who are members of credit unions expressing concern and fear of the possible effects of the reform legislation now before the House. I will read a section of a letter which is written from the heart. This is what the writer has to say, a member of the Delhi Ontario credit union to which I referred a short time ago:

We would like to express our displeasure of even the thought of taxing the so painfully established credit unions, who have rendered so far tremendous service to their members. Most executives are working voluntarily many, many hours to manage a self-help association. We are sure the federal government already derives a great deal of good, directly and indirectly, from credit union service. I am thinking in terms of education re merits of saving, forgiveness of debts when fatally hurt—it just happened here recently to one of our members again. Also getting people out of unforeseen trouble with dignity, even to loan money to pay our ever increasing taxes. Just ask any credit union committee member to learn more about that, or look into the history of credit unions. Are we members not already taxed for things we buy with money borrowed from the credit union? When no one else wants to help you, the credit union seems to give the chance and now you are asked to vote to tax them out of existence, at least the majority of the smaller ones. Why?

This, I think, is a simple plea from a member of the credit union movement for some humanity in the legislation now before the House. It is interesting to note what the Prime Minister (Mr. Trudeau) said to the credit union members on international credit union day earlier this year. Among other things, he said:

Credit unions have experienced enormous success because they encourage both regular savings and the wise use of credit. But even more important, credit unionism encourages self-help, mutual assistance, and personal involvement. In this sense credit unions are more than financial institutions, they are a positive social force within our communities.

To over 38 million members of the credit union movement in many countries of the world, I send my best wishes for continued growth and prosperity.

Those were fine words to assure credit union members that all would be well. The actions of the Minister of Finance belie the honeyed words of the Prime Minister. Something is wrong in this contradictory approach to this legislation. The specific fears which credit union members have are to be found in sections 127, 135 and 189 of the tax reform legislation. The credit union people tell me that they are about to experience a double form of taxation. The profit accrued from the pooling of resources of all its members still belongs to the members but they are leaving it in the co-op to be distributed as they see fit as tax dividends. Now the government is proposing to tax the pooled resources of the members. Then, when the members receive the profits of their organization in dividend tax credits they are forced to declare them on their income tax returns and are again taxed on the same money. This, they feel, is unfair double-taxation.

The government must distinguish between the economic aspect of the credit union movement which I have just covered and the humanitarian aspect referred to by the Prime Minister in his congratulatory message. Most important of all, I think we must remember that we are dealing with people—not figures, not dollars and cents, not mere statistics, but people and their condition of life. Credit union people have been able to improve the cultural aspect of their communities and themselves. They have

been able to obtain the better things of life. To the people who were once caught up in abject despair, who had given up all chance of success, has been given a new outlook on life. People have been able to make a contribution to Canadian life rather than become a drag on society. They have become wage earners, not names on welfare rolls. I cannot say too strongly that this factor should be taken into consideration when we are studying the dollars and cents effect of this legislation on the credit union movement.

Now may I turn for a moment to the co-operatives and their plight, which is somewhat the same although not quite. In my own community we are served very well. The farmers in my area and other people who desire to use the services of the Norfolk Co-operative Company Limited, serving the people of Norfolk, Haldimand and counties, are served very well. This co-operative is independently managed by its own directors. It does not take orders from United Co-operatives of Ontario, an organization which helps to buy and supply them with the goods which they sell but does not control the decisions and the policy-making of that group.

• (5:40 p.m.)

It serves many hundreds of people in my area. It is one of the main reasons that the family farmer has been able to maintain himself in a society which today appears to be tending towards bigness in farming operations and in which the family farm is largely being ignored. This is something that cannot be allowed to happen, Mr. Speaker. The family farm provides a satisfying way of life for many people. The co-operative movement in my county and in many other areas across the country permits small farmers to live the kind of life they want to live.

The co-operatives are deeply concerned about the increase in the rate of tax on employable capital. Over the years the Equitable Tax Foundation has released a barrage of criticism against the co-op movement. These releases have landed on the desks of Members of Parliament. They are most unfair in their criticism of the co-op movement. The previous speaker, the hon. member for Saskatoon-Biggar (Mr. Gleave) dealt quite effectively with this aspect of the matter. It seems to me that the people in the Equitable Tax Foundation fear the competition of the co-ops. But, Mr. Speaker, the co-op is the governing influence, the levelling influence that keeps prices within the reach of the ordinary person in our society. I fear that the drafters of this legislation have been listening too much to the Equitable Tax Foundation. In fact, one even wonders if that foundation helped draft some of it. To those people I would say, as I have said to hon. members here this afternoon, there is a distinct failure to consider the human aspects of the co-ops and the credit union movement.

The co-ops and the credit unions have one thing in common. They are held together by a common bond of association. They are designed to provide service to their members. They are self-help groups. The co-ops are self-sufficient. The Caisse Populaire movement is a good example of a co-op being able to stand on its own feet. But let us not forget that big as some co-ops are across this country of ours, they provide sustaining support for the small, local co-ops throughout the country. Without the assistance of the larger buying power of the big co-ops,