

They are merely asking the government to grant them the same favour which it is granting to the regular banks in connection with doubtful debts.

As regards transition periods, they say:

If caisses populaires are subject to income tax they will have to revamp their account system so as to take the tax system into consideration.

This would not be a simple operation, as it concerns a movement composed of 1310 autonomous enterprises carrying business with their own accounting for many decades. A transition period to establish procedures permitting especially a reevaluation of the assets will surely have to be provided for.

In conclusion, we find the following:

This taxation treatment offered to collectively-held corporations or co-operatives would not show favouritism. It would be an equitable treatment respecting both the characteristics of co-operative corporations and the basic principle of the Carter Commission and of the White Paper stipulating that income of enterprises should be taxed once only and at the rate of the individual to whom this income belongs.

After all, the real owners of the co-operatives are their members taken together.

Mr. Speaker, this gives an idea of the situation, and my suggestions are aimed at renewing the opposition which showed while this notorious bill was being studied in committee. At the beginning of my remarks, I said that the first intent of this bill was to protect the big capitalists at the expense of workers, families and consumers.

We have always wished that the government would introduce amendments concerning basic fiscal exemptions. For some years, we have been requesting that the basic exemption be proportional to the cost of living and, to that end, we suggested that it be increased to \$3,000 for single people, and to \$5,000 for married couples. Today, a couple cannot live with less than \$5,000: two married people can keep body and soul together with less, but to live as human beings, they need at least \$5,000 a year.

• (5:50 p.m.)

If we do not accept this \$5,000 basis, we are taxing the necessities of life. I think that Canada is wealthy enough so that we do not have to tax necessities, only the surplus over and above \$5,000. This is why we have always advocated basic exemptions of \$5,000 for married couples and \$3,000 for single persons.

As for children exemptions, we repeat that there should be a \$500 exemption for each preschooler and \$1,000 for each child attending school. If this were provided in Bill C-259, we would have nothing but praise for this government.

At the present time, it is not to be commended for it is only proposing an increase in the basic tax exemption which is a sham, a mockery, and ignores the suggestions we have repeatedly made in this House.

We also asked the government to exempt transportation for workers, food, moving expenses as well as tools. It is not only an amount of \$200 or \$300; the cost of workmen's and professionals' tools must be deductible. It is normal that workers should be considered on the same standing as professionals, industrialists or traders.

If we accept as tax abatement the dealers' and professionals' expenditures, the same should be done for workmen who deserve as much as the others.

### *Income Tax Act*

We also had hoped that under the legislation, municipal and school taxes would have been deductible from personal income. It would have been one way of avoiding double taxation.

All those reforms would have been advisable and if the government had considered further the social aspect of the problem, it could have at last established social justice, as promised, not only for big financiers or capitalists, but for the entire community, the small workmen, the breadwinners and the child who goes to school, where discrimination exists between the children of rich people and those of poor people.

All these are loopholes which instigate reactions, not always good, from youth. Young people are right. Indeed, they think they are getting social laws, but these are antisocial laws, favouring capitalism to the utmost.

Mr. Speaker, I would have much to say, but as the time allotted to me has expired, I hope the government will come back to reason as soon as possible and will at last introduce, not omnibus or autobus bills, but bills of a social character which will benefit the people and protect human beings. Then, capital will no more be protected at the expense of men.

[*English*]

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, in rising to speak on the amendment proposed to the tax bill by the hon. member for Edmonton West (Mr. Lambert), one is struck by the fact that whatever the bill brings, good or bad, to the Canadian economy it has been dwarfed by the impact of the American action in imposing surcharges on a large part of its imports, including highly vulnerable and politically sensitive Canadian manufactured products involving secondary industries.

The tax bill represents many years of effort, almost a decade in fact, since the Carter commission was appointed and I cannot help but wonder if the exercise was worth while. In the main, one has to recognize that we are dealing with the realities of a particular situation and that what seemed a logical and equitable tax system a year ago at the moment seems grossly inadequate and not capable of solving the taxation problems of our country.

The action of the United States government has brought home to us the enormous importance that the American economy has on our own. A mere 10 per cent surtax, and in actual practice much less, on one quarter of our exports to the United States has created violent consternation and controversy. Indeed, it indicates that no matter how carefully the tax system is set up, it has to conform with the needs of the time and it has to be adapted to best deal with the situation. What would have been an excellent tax system a year ago now becomes unworkable under the new conditions. I believe that the situation in which the Americans now find themselves is one that makes these proposed tax reforms largely superfluous, and if adopted as they now stand they will not facilitate our adapting to the new conditions in which we find ourselves.

Mr. George W. Ball, a leading American authority on international trade, stated the other day that if there is a serious delay in reorganizing world economy, or if the present disarray is long protracted, mounting protectionist pressures could lead to a destructive trade war, com-