

*Taxation Reform*

to find an answer to high machinery costs and a way to meet those increasing costs, we have a government that intends to increase the taxation for one of the few organizations, Canadian Co-operative Implements, that is attempting day by day, through its factory in Winnipeg, to deal with the problem of machinery prices that faces farmers. I do not need to mention only western Canada. In rural Ontario and in the maritimes there are co-operatives through which people attempt to meet the economic conditions they have to face. Maritime Co-operatives is the single most important agency in the Atlantic provinces. It imports feed grain and supplies the farmers of that area with the feed grain they need. Co-op Fédérée, a local co-operative in Quebec, is performing the same function. Surrey Co-op, on the coast of British Columbia, is also performing the same function. Does the government not know the role that is played in the economically disadvantaged areas in Canada by the co-operative movement?

Surely, big business in Canada is not worried about the co-operatives, how big they are and the role they are playing in Canada. Can they be considered a threat when in Saskatchewan, after all these years, the co-operative movement probably does not handle more than 7 per cent or 8 percent of the retail business in that province? It is not the Federated Co-op, with its oil refinery at Regina, that dictates the price of farm fuels in Saskatchewan; it is Imperial Oil, Gulf, Shell and Texaco. However, so far as I know in western Canada the co-operative refinery has the only significant refining and production capacity that is totally Canadian owned. The balance is owned outside Canada. Do we wish to make it just a little more difficult for them to operate or, perhaps under this proposal, a great deal more difficult?

If there is one area to which the government should be urged to direct its attention, it is this area and the area referred to by the previous speaker. Before the government puts these changes into effect I say it should ask itself two questions. First, was the type of tax legislation which was designed to fit the needs of the co-operatives justified in the first place? If the government can say that taxation policy was not justified in the first place, then perhaps it has the right to say it is not justified now. But if the government cannot say it was not justified in the first place, then it certainly cannot logically

[Mr. Gleave.]

say it is not justified now, because the circumstances in these disadvantaged areas have not improved that much.

A Canadian press story which appears in the *Ottawa Citizen* of November 24, 1969 bears the headline, "Too many farmers, not enough money". Do not forget it is probably the farmers more than any other group who are served by the co-operatives. Labour, to a very great extent, has depended on the labour unions to protect it within the financial milieu we have in Canada. The farmers, to a much greater extent, have relied on the co-operative movement. Let me give you an example of the load some people wish the co-operatives to absorb. In the *Toronto Globe and Mail* of November 26 there is an item headed "Export company may be formed by Alberta Pool". The reference is to the Alberta Wheat Pool. Of course, I would forecast that if such an export company should be formed it would be formed in concert by at least the three prairie pools, and perhaps the United Grain Growers. This would take a great deal of financing. A great deal of capital would be required. If it is done, it will be done only as a service to the farmers of western Canada and not as a profit-making operation. Anyone who is knowledgeable about the grain handling and marketing situation in western Canada is aware of this.

The history of the co-operative movement will show it is a movement that serves the people and is not a movement primarily for the purpose of making money; that never was the purpose. Perhaps some members on the government side should do a little reading and discover that this is the situation.

Finally, I should like to say something about the proposed changes which will affect the farmers. These are nicely wrapped up in the white paper. The changes which are proposed are set out, but the whole idea is contained in the first paragraph. A number of the proposals would have an impact on the farmers who are taxable under the present system. It is estimated that 70 per cent of the farmers who file taxation returns will have a reduction in their tax, while about 30 per cent will have an increase in their tax. The method that will be used to do this will be the imposition of a tax on capital gains, most of which would come from the turn-over on machinery. Again, the proposal refers to the same industry which was mentioned in the story on the outlook conference by the Canadian press headed, "Too many farmers, not enough money." According to this same