

Income Tax Act

I am not suggesting that the little tidbit for the lower income tax payer and the extra exemption for the old age taxpayers should be withheld. A very simple little bill could have been brought in to provide for that and there could have been little or no debate. In that way these people would have been provided for and the money to look after them could have been found by a little crack-down on some of the horrible waste and extravagance of which this government has been guilty right along the line.

• (4:00 p.m.)

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the amendment moved by the hon. member for Edmonton West (Mr. Lambert) is fair and quite relevant. We are surely concerned about the economic prospects confronting Canada. We are also concerned about continuous unemployment and industrial depression. We are also conscious of the fact that a real tax reform is essential.

Allow me moreover, Mr. Speaker, to point out once again how the Social Credit party of Canada is particularly aware of all those economic problems plaguing us. The existence of our party can precisely be explained because we suggest specific answers and realistic solutions which would solve those endless financial difficulties.

Why should we attempt, Mr. Speaker, to patch up, to mend, to try to cure without getting at the very cause of all those economic evils and frustrations, that is the present economic and financial system? There is nothing surprising in the fact that we must change our mental attitudes which are deeply entrenched in a system that moulded us to the point that the system is no longer serving the people but the people are forced to kneel and crawl to satisfy the requirements of the system.

If we must reach the point where we have to alter the very principles that pervaded our mentality, we should not hesitate to do so because all solutions we could bring forward will never do anything as long as we do not get at the problem, at its very source, that is a complete and total reform of the economy.

Mr. Speaker, I do not want to take too much time. I know that hon. members are perfectly aware—and if not, at least they should have a pretty fair idea—of what we want, what we wish for, and in this extremely difficult period when we all strive to solve certain important problems existing in our country, it is to leave aside partisanship and concentrate objectively on the study of all solutions, even if they are suggested by opposition parties such as ours.

Mr. Speaker, there is a general outcry against the reform as proposed by the Minister of Finance (Mr. Benson) and with your permission, Sir, I would like to draw once again the attention of hon. members, like some of my colleagues have done previously, to the opposition expressed by caisses d'économie, caisses populaires and various similar co-operatives in Canada and particularly in Quebec, against certain clauses contained in Bill C-259. In order to prove the veracity of these protests which come from everywhere, I would like to read in full the last letter dated September 13, 1971, sent to me by the

[Mr. Peddie.]

employees' caisse d'économie of the Canadian International Paper in La Tuque, and I quote:

Mr. René Matte, M. P.,
Ottawa.

Dear Mr. Matte:

Re: TAXATION OF CAISSES D'ÉCONOMIE AS PROPOSED IN BILL C-259.

As you probably know, the caisses d'économie have made a tremendous contribution to Quebec's economy throughout the province. We think that the development of this movement illustrates the fact that Canadians believe in the efficiency and the worth of the caisses d'économie economic philosophy.

It was announced in June that the caisses d'économie would be greatly affected by the tax reform: we have since then been very concerned. Should it be passed, Mr. Benson's reform will ruin to a great extent the characteristic principles of the caisses d'économie and decrease their competitiveness in the financial market.

We feel Bill C-259 misunderstands the nature of the caisses d'économie and, because of this, it cannot set up a just and equitable tax formula.

We are particularly concerned about Sections 125, 137 and 189 of the proposed reform. We mentioned these details in our brief to the Minister of Finance presented in July. Among other important objections and amendments we listed the following:

1. In Section 137, no provision is made to allow the deduction of dividends on social capital in calculating the taxable income. This is vital for all caisses d'économie and provincial branches. The shares in caisses d'économie are essentially savings deposits payable on demand. They are entirely different from shares in financial corporations.

2. The bill should be amended so as to include investments in caisses d'économie in the "qualified investment" category, since investing funds to build up reserves which will bring about stability and revenues for the savings of members is an integral part of the caisses d'économie financial routine. The same application should be made for a similar paragraph in Section 189.

3. The "total business limit" formula as applied to caisses d'économie in the proposed reform is not fair. The reserves of caisses d'économie as common property of all members cannot be divided among members under the form of eventual distributions. Section 125 should be defined especially for caisses d'économie and a special reference should be made for this purpose in Section 137.

4. The definition of capital employed should be deleted from Section 137. We believe that this definition is not sensible since caisses d'économie do not give a competitive dividend, so that competitors should not get any part of this return since those members which receive it are already taxed.

Five other items are mentioned in the brief to the Minister of Finance. They too are important; they deal first of all with the question of restricting activity to one province only and then with the caisses d'économie that are entitled to accept classified deposits as ineligible investment and with the pertinent amendments.

It is of the utmost importance that the National Committee on Taxation meet with the Association nationale des caisses d'économie (ANEC) in order to clarify the amendments to the proposed revision which are necessary to the success of the movement.

On behalf of 2,500,000 members of the caisses d'économie of the province of Quebec, we thank you in advance for your co-operation.

Roger Marchand, Manager.

Mr. Speaker, the reason why I read this letter is to show you that our people are very much interested in the laws considered in Parliament. They are deeply interested and here is the proof of it: they participate, indeed, by their comments and the amendments they suggest.

In short, Parliament is not anything else, and should not be anything else, but as far as possible the true reflection of the Canadian taxpayers' opinion. Then, it is not only