

*Taxation Reform*

to achieve some bargaining power and to provide the things these areas needed at lower cost.

Let me refer to the views expressed in the *Financial Post* on November 22, 1969 regarding this white paper. The article reads:

What complicates consideration of the impact of the white paper on co-ops and credit unions is that it is a tax package. These organizations are holding back formal responses until their advisers have looked at the whole package.

The Equitable Income Tax Foundation did not hold back its opinion until the whole package was considered. It said, and I quote from the same article:

An official of the Equitable Income Tax Foundation, which has campaigned to have co-ops taxed exactly as other corporations are, suggests that the white paper might still leave co-ops with some tax advantage. However, it would not be so marked an advantage as it was.

In other words, in the opinion of the Equitable Income Tax Foundation these proposals will result in a more severe tax on co-operatives than ever before. If the Government, in its wisdom, is convinced that it is no longer necessary to encourage co-operatives to grow and develop I suppose it is justified in following such a course. There was a time when the government did consider that co-operatives were important and absolutely essential to the improvement of conditions for people in certain areas of Canada. It might be worthwhile to call to the attention of the government some of these instances.

I should like to quote from a book entitled "Prairie Progress," which is a history of progress in western Canada. It was written by J. F. C. Wright. On page 10 of this book appears the following:

Today (1955) the history of Saskatchewan agriculture and therefore the essential history of the Province of Saskatchewan since the turn of the century, cannot be evaluated without an understanding of parallel co-operative development. Nor can the significance of this co-operation be grasped without a comprehension of early prairie settlement and the economic problems confronting pioneers of European heritage taking over a vast and potentially agricultural land from scattered tribes of nomadic plains Indians—

He goes on in that book to describe the development of co-operatives by stating:

It was out of the organized prairie farmers' early struggle with railroad and grain elevator companies and the Winnipeg grain exchange that producer (marketing) co-operative enterprise emerged to condition prairie farmers for subsequent development of consumer co-operation.

I wonder whether this government considers that this phase has ended. Does it consider it unnecessary to administer the taxes and the policies of Canada in order that co-operatives may continue to accumulate capital and do the necessary job? If this is the case, and if that is the position the government is taking, I think it is sadly wrong.

At the present time in western Canada we have a need to reorganize grain handling facilities. At least two thirds of these facilities are in the hands of co-operatives. These co-operatives will have to absorb a considerable loss in depreciation if these grain handling facilities are to be effectively reorganized. This proposed reorganization is not an attractive undertaking. The only major terminal elevator which has been built since the 1930's was built by the Saskatchewan Wheat Pool in the Vancouver area. The money was raised locally in Saskatchewan through participation by farmers like myself. They contributed to the cost of these handling facilities because they were absolutely necessary, not because they would be profitable. The same thing is true of our local facilities on the prairies. The government at this time should be considering ways to make it easier for co-operatives rather than making it more difficult for them to raise and retain capital. The government should make it easier for these organizations to serve those regions in this country which are at a disadvantage.

• (3:30 p.m.)

We might take a look at the situation in respect of co-operatives, such as Canadian Co-operative Implements, the establishment of which is another major attempt to give farmers some advantage on the consumer side. When Canadian Co-operative Implements was established, not one but three governments provided capital to meet the challenge that existed in respect of getting a better price for farm machines. The Saskatchewan government, at that time a Liberal government, offered financial support to a wholesale co-operative in order to investigate and formulate a practical plan to deal with the problem in respect of farm machinery prices. In 1944, when Canadian Co-operative Implements Ltd. took definite action to purchase a factory in Winnipeg, funds were made available by the three prairie governments. A loan in the amount of \$250,000 was to be repaid on a 20-year amortization basis.

Now, when we have a commission which has been working for two years in an effort