

Income Tax Act

age earnings from the earnings of the members and which belong to the members. Is it correct that the government should tell them what they can do and how much tax they will have to pay?

I do not think the people who made these proposals really know how co-operatives gather and maintain their equity or how it is paid out. Co-operatives have to pay out savings and reserves as their members retire or become old. If a member should cease farming, the standard practice in the Saskatchewan Pool, or in the Biggar Co-operative or in the co-operative at Swift Current or Saskatoon is that at that point in time they repay the shares, or in other words the savings that the member has in the co-operative. The submission made by the co-operative states that under this taxation proposal either one of two things will happen. Either the co-operatives will not be able to pay out the money to these people when they cease business or retire, or, if they pay it out, the co-operatives then will be starved for working capital. Is the objective of this proposal to starve the co-operatives in respect of working capital? As I say, what is it? Is it ignorance or what? We are exercised because we have a lot of money invested. Those of us who are members of the co-operatives and who have been officials of co-operatives know; for example, that in the Saskatchewan pool, the Alberta pool and I suppose in the Manitoba pool we are facing a rebuilding and reorganization program which will cost somebody a lot of money. This will not cost the government a lot of money. It is the farmers who will have to pay the shot.

I would expect the government to be concerned with keeping the co-operative movement strong. It is a purely Canadian organization in all its aspects. It is owned by Canadians. We have no difficulty in the co-operatives in respect of foreign capital. We do not consider it is even possible that a United States or indeed a British firm could come along and close down the co-operative refinery in Regina. This will not happen because we own it and want it there. It is quite possible that any time any corporation in Canada can close a particular refinery or indeed a fertilizer plant and say, since it is not making money, it is to be closed down. Or it could be a flour mill. We had an example a few years ago when if we had not had co-operative owned flour mills in western Canada, we would not have been able to deliver flour to China because the foreign-owned flour millers simply said they would not mill the flour.

• (5:20 p.m.)

I should think that a government which was at all concerned about Canadian ownership would be busying itself making very sure that co-operative institutions and commercial operations in Canada remained viable and strong. We find the very opposite. I do not know how many letters and submissions I have received from local co-operatives in western Canada, but I have received a great many from individual members, farmers and, indeed, city people who use these co-operatives both in my constituency and others. The only other two recent actions by the government as a result of which I received more letters was the stabilization bill and Bill C-176. Our people are greatly exercised by these tax proposals. They consider these proposals will put in jeopardy the co-operatives they have

spent a great deal of time and money establishing. The only thing I can say to this government is that before it is too late it should change its basic approach.

Finally, let me say something to the government in respect of farmers. I think it was the hon. member for Fundy-Royal (Mr. Fairweather) who said a short while ago it was about time we recognized that the farmer was in a different position from the corporation. The farmer has more difficulty in respect of capital accumulation, and this applies to the small businessman, as well in transferring assets from one generation to another. There is no recognition of this fact in the government's approach. When this legislation comes into full effect it will make it more difficult for a farmer to purchase and maintain a line of machinery on his farm. This does not have to be so. If any real consideration were given to this matter a different approach could be taken.

If it is the government's decision to levy a capital gains tax, this could be done in such a way that it would not hamstring or hamper the ordinary farmer in doing business and maintaining an adequate capital structure. However, no consideration has been given to that aspect. It seems there is an idea in this country that we should be enamoured with corporate business because this is going to give us all the things we want in terms of growth and social satisfaction. We are beginning to find that this is not so.

There does not seem to be any urge to develop or take different approaches to meet the real needs of the people. We must meet these needs of the people whether they are in the cities, the towns or on farms, whether they are engaged in fisheries or anything else. We do not seem to be able to bring ourselves to the point of saying these people must come first and must be of over-riding concern. It seems this is impossible to achieve.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—Pollution—Request for progress report on removal of sunken *Irving Whale*; the hon. member for Skeena (Mr. Howard)—External Affairs—U.S. claim to Machias Seal Island and coastguard invasion of waters in Dixon entrance—Canadian position.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the