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A CUDDLE AT TAX TIME

by Thomas A. Rogers

Thomas A. Rogers, an account executive with a major investment firm in Toronto, has developed a concrete proposal to provide ongoing financing for Canada's contribution to refugee assistance. Below Mr. Rogers summarizes his innovative proposal, "The Lifeline Trust".

The Lifeline Trust

The proposal for "The Lifeline Trust" is exciting in its potential, as it provides for the financial participation in refugee assistance of all citizens, through the application of a new tax incentive. It is structured to be attractive not only to the affluent, but also to those of more modest means. Furthermore, it provides a viable route for a refugee who is happily resettled as a productive member of our nation to extend a helping hand to those he left behind and to receive recognition for his achievement.

The derivation of the proposal stems from its author's dismay at witnessing a recently-returned refugee camp nurse who wished to sponsor a family she had worked with in Thailand, having to make the rounds of spent-out sponsorship groups and solicit contributions from their small left-over balances. After his personal experience as part of a sponsorship group in seeing how quickly and effectively a refugee can be brought into full production as a contributing member in a new society, he became appalled at prevalent concepts that aid to refugees is or should be motivated by humanitarian considerations *only*. A motivation, as he so perceptively points out, should also be to take

full advantage of the opportunity to activate dormant human assets which are free for the asking to the economic benefit of our country - both in the short term and most certainly in the long run. Any Canadian who believes otherwise denies his own heritage, for we are a nation of refugees creating together in remarkable harmony a multicultural society which is the envy of the world.

For the Public - A Tangible Vested Interest in Refugee Resettlement

The fourteen-page tightly-worded proposal outlines the creation of a "Lifeline Trust" to be administered by a rotating board of directors composed of native-born Canadians and recently-settled refugees, who can contribute the proper balance and vitality to the direction of the Trust.

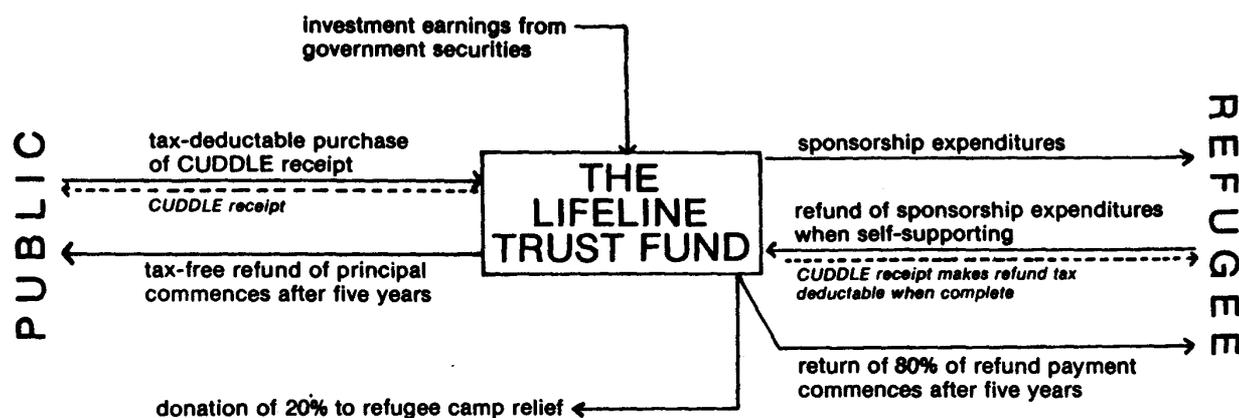
The public participates in the Trust through the purchase of CUDDLE receipts which will be sold by investment dealers and charitable or religious organizations.

C.U.D.D.L.E. is short for Charitable Use Deemed Donation/Loan Expressed.

"Charitable Use Deemed Donation" means that every purchaser of a CUDDLE receipt would be able to deduct his purchase from his taxable income, in the same manner he currently does with any other contribution to charity.

"Loan Expressed" is recognition that after a five-year period during which the Trust had use of the funds, it would pay back to the CUDDLE receipt holder his principal sum, subject to any minor

REFUGE is dedicated to encouraging Canadian citizen participation in helping refugees, by providing a forum for sharing information and opinion on domestic and international issues pertaining to refugees.



capital encroachments which may have been necessary. The return of principal would not be taxable as income when paid out. Accordingly, purchasers of CUDDLE receipts will have the opportunity of establishing a tax-free income stream for the future and a tax deduction immediately. All they are asked to do in return is to invest the use and earning power of a portion of their income for a five-year period. During this period, that earning power will be used to turn a portion of the worldwide refugee liability into an asset for Canada.

The creation of this opportunity may require a small amendment to the Income Tax Act to bring it into being. This is certainly achievable given the clearly demonstrable advantage to the government of having the public assume directly and willingly the funding needed for Canada's contribution to refugee assistance. Furthermore, the Trust's capital funds would be invested in government securities as a reciprocal fiscal service in return for the tax concession.

The Refugee Will Refund His Sponsors' Expenditures

Under the proposal, the full participation of the refugee is invited and provision is made for guarantees to enable him to in turn become a sponsor of his relatives should he so wish.

A refugee destined for Canada would be requested to sign a non-binding letter of intent to refund, in time, the funds spent by his sponsorship group on helping him attain earning status in Canada. As an incentive, when he has fully refunded, he will receive a CUDDLE receipt from the Trust and a certificate of Honour and Gratitude. This will be a clear statement to him that his achievement is recognized as a valuable contribution to his new country as well as to remaining refugees. This could be further recognized by granting him membership in a refugee assistance network.

Upon earning his CUDDLE receipt he will be entitled to deduct the full sum from his taxable income and qualify for an 80% payback after five years. The 20% withheld would be a direct contribution effected by the Trust on his behalf to refugee camp relief and would be allocated each year from the cumulative re-cycled refugee contributions.

To enable refugees to sponsor their relatives, for any funds required the Trust will guarantee letters of credit issued by banks jointly to the refugee and the approved befriending group which will guide him in his sponsoring effort.

One additional and very important benefit will surely occur. A great many of the CUDDLE receipt purchasers, while initially attracted by the tax reward, will subsequently wish to participate actively in the refugee endeavour as they will then have a tangible vested interest in ensuring its success. You may be very certain they will spread the good word. So soon, we'll all be CUDDLEing together, in our efforts to end this generation's holocaust.

The balance of the proposal deals with specifics of the administrative framework, based on the author's experience in many facets of the financial service industry. It has been informally presented through Mr. Axworthy to members of the Canada Employment and Immigration Commission for their analysis. It has also been directed to the attention of the Canadian Foundation for Refugees. Comments on the proposal are encouraged.

We are very hopeful that the Lifeline Trust may be brought into being through the positive efforts of all who have suggestions or are able to assist in directing it to fruition. □

If you are interested in receiving a copy of the full proposal for your personal review and comment, copies have been made available through Refuge, on loan or for \$2.00. Comments may be sent to the editor of Refuge, who will forward them to the author.

NEWS IN BRIEF

THOUSANDS OF POLES FLEE TO AUSTRIA: CANADA INCREASES QUOTA

The dramatic increase in the number of Poles seeking asylum in Austria has prompted Canada to increase its intake of Eastern European refugees. According to the Intergovernmental Committee for Migration (ICM), 5,000 Eastern Europeans arrived in Austria during August, bringing the number of people there awaiting resettlement in third countries to 17,000, compared to around 3,000 this time last year. Around 12,000 of these people are Poles.

In response to Austrian officials' appeal to resettlement countries for help, Employment and Immigration Minister Lloyd Axworthy announced in July that Canada would take in an additional 1,000 refugees from Vienna. Most of these would likely be Polish. This raises Canada's quota for refugees processed in Vienna from 1,100 to 2,100; and the total quota for refugees from Eastern Europe from 4,000 to 5,000. An immigration task force is currently in Vienna processing applicants, and Canadian officials are watching the situation closely to judge whether further assistance will be necessary.

ICARA

African states have maintained a general policy of resolving refugee problems within the continent wherever possible. But the magnitude of the crisis - in 1980 there were around 5 million refugees in Africa - places an insupportable strain on the countries of asylum, many of which are among the poorest nations in the world.

To address this problem, the U.N. in consultation with the UNHCR and the Organization for African Unity (OAU), convened the International Conference on Assistance to Refugees in Africa (ICARA) in Geneva on April 9 and 10, 1981, primarily to mobilize resources for refugee programmes in Africa. The final tabulation of pledges shows Canada's contribution in relation to those of other major donor countries:

	Refugees/ Returnees	Other humanitarian programmes	Total
U.S.A.	258,200,000	25,200,000	283,400,000
E.E.C.	67,580,000	420,000	68,000,000
GERMANY (F.G.R.)	42,857,143		42,857,143
JAPAN	20,000,000	13,000,000	33,000,000
SAUDI ARABIA	30,000,000		30,000,000
CANADA	18,823,529		18,823,529
ITALY	17,000,000		17,000,000
U.K.	12,159,091	1,704,545	13,863,636
AUSTRALIA	11,627,906		11,627,906
Total raised at ICARA			566,969,472
Total 2-year need estimated by OAU			500 - 800,000,000

Figures represent U.S. dollars.

Source: UNHCR

CANADA-MANITOBA AGREEMENT ON ASSISTANCE TO REFUGEES WITH SPECIAL NEEDS

A federal-provincial agreement to assist refugees with special needs, including the mentally and physically handicapped, unaccompanied minors, tubercular persons and others, has been signed by Employment and Immigration Minister Lloyd Axworthy and Manitoba Labour and Manpower Minister Ken McMaster.

The agreement draws together various activities currently conducted jointly or separately under a comprehensive new programme to be called the Special Programme for Assisting Refugees (SPAR). Under the terms of the agreement, the federal and Manitoba governments will jointly work with private groups to plan and follow up on a case-by-case basis the necessary special settlement assistance for refugees coming to Manitoba under the programme - a specific number to be determined each year. The agreement identifies the services and resources that both levels of government and private sponsorship groups will contribute in sponsoring refugees with special needs.

U.S. POLICY HAS IMPLICATIONS FOR HAITIANS, SALVADOREANS

The Reagan Administration recently announced its proposal for a new immigration policy for the United States. Although the proposal concerns only immigration policy and does not alter American refugee policy, certain points that would affect refugees in this part of the world include:

- granting amnesty (legal status) to the approximately three to six million illegal immigrants who have lived in the U.S. since before January 1, 1980 with the restrictions that:
 - they would have to reside in the U.S. for ten years before attaining permanent resident status, and
 - during that period they could not bring their spouses or minor children to the U.S. During that period they would also pay income and other taxes but would not have access to welfare, unemployment insurance and some other social programmes. For Haitians and Cubans the waiting period would be five years. Human rights groups in the U.S. estimate that of over 500,000 Salvadoreans (both legal and illegal) in the U.S., around 100,000 arrived after January 1, 1980 and would therefore not be eligible for this amnesty. Estimates of the rate at which the recent arrivals are being sent back range as high as 1200 a month.
- empowering the Coast Guard to intercept boats carrying Haitians on the open seas in order to return them to Haiti.