

Income Tax Act

On the same page the hon. member for Winnipeg North Centre went on to say:

The judgment of the income tax appeal board, signed by W. S. Fisher, a member of the board, had this to say:

"I express no opinion as to why it should be necessary to entertain public officials in order to obtain contracts for work to be done for the benefit of public bodies, but apparently the appellant—and, no doubt, its competitors—have found that such entertainment has been not only necessary but also beneficial from a business point of view."

Then the hon. member for Winnipeg North Centre went on to say:

I suggest that this is a scathing indictment concerning the way in which some private businesses carry on. I suggest it opens up a very broad question as to whether there are any firms that are getting income tax deductibility for expenditures of that kind or for other expenditures which might have a political connection of one kind or another. It does seem to me, Mr. Speaker, that the time has come to lift the veil of secrecy behind which matters of this kind are considered.

There is a saying which comes back to me, Mr. Speaker, from law lectures I once attended, to the effect that "hard cases make bad law". While I do not suggest that saying applies technically to this situation, nevertheless I suggest that the same general idea holds good, and that it is a great pity to rush off making laws because one has become angry or indignant about some incident which has occurred.

Actually, if the deductibility claim heard had been allowed I would have sympathized more with the hon. member for Winnipeg North Centre, because it seems to me that then he would have been able to say not only that requests—improper in his opinion and in mine—were being made, but that they were being granted. I suggest that one of the reassuring things about this incident which has aroused him is that in fact the judgment which he and I approve of was given.

I would also like to draw attention to the fact that thousands of appeals are going forward. I hold in my hand figures given in answer to a question by the hon. member for Kamloops (Mr. Fulton) on January 14, 1953. The question had to do with the number of appeals and objections received by the board. I shall read the answer:

Calendar year	Number of appeals and objections received	Number of assessments reduced in respect of such appeals and objections
1950	7,346	3,909
1951	4,643	2,961
1952	4,288	2,218
Totals	16,277	9,088

In other words, in those three years there were over 16,000 appeals, and presumably in

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the subsequent years about the same number; yet we have the satisfaction of knowing that these cases, so far as we know, have been properly dealt with. I do suggest that it would be in the highest degree unreasonable to rush off and change the law merely because there was one case which excites our indignation. I would point out incidentally, and we should remind ourselves of this, that while these cases are not made public, nevertheless the government has the information and we have to look to the government to carry on business with some degree of responsibility.

I shall read again from what the hon. member for Winnipeg North Centre said, because it seems to me he is in some difficulty in distinguishing between the right to appeal in camera, which he concedes to the individual, and the right on the part of the corporation, which he wishes to deny. Therefore I wish to read from page 1737 of *Hansard*:

I have been privately asked by some who are interested if there are not instances where individuals should not have the right to private hearings either. I have no doubt there are individual cases which might be borderline cases where secrecy should not be allowed. However, one has to lay down general rules, and I would say that there may be some individual cases which should not be denied the right to be heard in camera. Most individual cases should be accorded that right. Therefore the only way to deal with the matter is to leave it that all individual cases are covered by the provision that they can be heard in camera, on request.

That seems to me a very reasonable approach. The hon. member suggests that there will be individuals who are naughty, also; nevertheless he says you must not legislate against the general body because there will be transgressors. But when it comes to corporations, where perhaps in some ways the matter is more important, he takes an entirely different view. He says:

On the other hand, so far as corporations are concerned, they are public bodies. What they do is a matter of public concern. I do not think they should ever have the right to take these appeals to the board and have them heard in camera. I hope those who have been concerned about the rather staggering or shocking revelations that came out of the appeal board consideration of case No. 227 will share my view that this is something not just to ask questions about, not just to make big speeches about on the floor of the House of Commons, but something to legislate about so it shall not happen again.

Well, that is where the hon. member for Winnipeg North Centre and I part company. I suggest that we should not rush off into legislation because we have had this case before us—incidentally, a case where he and I approve the judgment, and where I have no reason to think the law is not being fairly and justly administered. The case he makes there is very unconvincing to me, indeed.

[ILLUMINATED INK]