

It is not desirable to have the Crown become an accounting house on a five-year plan in order to give alleviation to the farmer on the belief that one year's profit is improper and unfair to tax. However, one year's profit is in many cases not unfair. If you relieve the situation in regard to dispersal sales I do not know that the farmer's average is to be desired. Certainly the five-year plan would give us a great deal of administrative difficulty, Mr. Chairman, and three years would give us less.

I mention three years for this reason, that we in our system put in the individual file of each taxpayer the tax returns for the past three years. Our system is to take out the fourth year's return and put it in the cellar, because when you get as high as two and a half million returns each year, they require a great deal of floor space and considerable cabinet and drawer space and cannot be readily referred to in that way. It is necessary to take the fourth year's return out and put in the incoming return in first place; that leaves always three returns on the file. In this suggested system we would have at least to keep five years returns for the farmers and probably six. That would require a great increase in floor space, for cabinet and records.

I refer again to our three-year scheme because that is the way we handle our present affairs to keep our files reasonably clear. That again, Mr. Chairman, is an answer to the question, would it be more difficult from an administrative standpoint. The answer is definitely yes.

Hon. Mr. CRERAR: There is another point, Mr. Chairman, if I may ask Mr. Elliott—

The CHAIRMAN: It is open for discussion.

Mr. ELLIOTT: I can see, Senator Crerar, that I made a mistake in coming into this meeting.

The CHAIRMAN: We want you here as much as possible.

Hon. Mr. CRERAR: We are trying to explore what is a very difficult problem.

Mr. ELLIOTT: Yes, I agree with you.

Hon. Mr. CRERAR: It is probably more difficult than any other form of taxation. May I cite a practical illustration. I know of my personal knowledge of a farmer, a wheat grower out on the Prairie who had four crop failures in succession, and his taxes got behind.

Mr. ELLIOTT: If he had failures there would be no taxes.

Hon. Mr. CRERAR: I am using this for the moment merely as an illustration. In the fifth year that farmer might have forty bushels of wheat to the acre and he might sell at a net price of \$1 per bushel. In that year he would make a very substantial profit. Now, if you do not average that over four years, are you not doing him an injustice?

Mr. ELLIOTT: Well, I will tell you a story first, Senator, and then I will have to answer your last question by saying that there is a great deal of equity in giving the farmer some consideration for his four years' losses against his one year bumper crop and bumper prices. The story is that years ago we had a chap in the west who would not file a return. We kept after him and five years went by. Finally he apparently became apprehensive as to what powers we might be able to exercise, so he wrote a letter, which I think is the most literary document I have ever read. The man spoke from the heart. He said: "Dear Sir, you want an income tax return from me. Well, in the first year I was burned out; in the second year I was eaten out; in the third year I was flooded out; in the fourth year I was frosted out; and in the fifth year, which is the present one, God knows, may be." We looked at that letter in a practical way and said: "There is a five years' return in one. Do not bother him any more." I have really answered your question as to why he should not have