Income Tax Act

The procedure of verification is usually confined to questioning the responsible officers of the corporation. Third party verification is not customarily employed. This opens the door to diversion of corporate funds to personal use under the guise of an alleged party contribution. In this manner income taxes are avoided on what would otherwise be dividends taxable in the hands of a shareholder.

This difficulty confronting auditors could be overcome by requiring corporations, as well as other taxpayers, to make these payments to political parties registered for that purpose with the income tax department. The use of cheques, with the proceeds payable to a political party, and the use of receipts would do much to alleviate the difficulty of auditors in this field, and then the secrecy clauses of the Income Tax Act should be sufficient protection for those who desire no publicity.

It is my opinion that large, single contributions are not as prevalent in Canada as in some other countries. I have in mind particularly the United States. Large corporations and wealthy individuals seeking favourable measures from the government can employ other methods to influence decisions. They engage professional lobbyists; they work through trade organizations, and organize publicity campaigns to achieve their objectives.

It is my conviction, Mr. Speaker, that we should adopt policies and practices that make contributions to political parties and election campaigns a wholesome, healthy and desirable thing for Canadians to undertake. We should encourage that effort by Canadians as an honourable service to their country. By adopting a measure such as I propose we place the stamp of approval on political contributions, and I believe it would broaden the base of contributions from many Canadians. Furthermore, I believe it would go a long way towards ensuring government of the people, by the people, for the people.

Mr. MacInnis: Would the hon. member permit a question? He referred to the recent devaluation of the dollar as bringing advantages to some segments of our economy and disadvantages to others. Would he not agree that the advantages far exceeded the disadvantages he spoke of?

Mr. Lloyd: Mr. Speaker, I think this would require some time to answer. For example, one would have to examine the cost to municipal governments of borrowing. Many of them did borrow in the United States and had obligations in the United States. One would have to go through all the measures, but I think perhaps one will agree that the devaluation, on balance, was a good thing. However, the regrettable thing about it was that the awareness of the proper management of foreign exchange rates should have occurred to the Canadian government at a much earlier date than it did.

Mr. Barry Mather (New Westminster): Mr. Speaker, I would like to say a few brief words in support of the general principle of the proposal before the house, that is, to make donations to political parties for campaign funds deductible from income tax.

I have two reasons for being brief. First, the idea is so commendable it is easy to understand that no argument in support of it is needed. Second, I would like to see it come to a vote. The proposal to allow income tax deductions for political donations is good both in theory and in practice. We allow union dues and donations to many cultural, health and religious organizations to be deductible from income tax. Why not political donations also? It seems to me in both cases the donor gives his or her money to causes in which he or she believes.

As to the practical aspect of making donations and allowing deductions, I think most of us would agree that the time is overdue for some reform to be made in our campaign fund structures and procedures. This measure, if adopted, would, I believe, amount to a modest step in the right direction. Speaking personally—and I think members of my party would agree—I would not like to see the multi-thousand dollar donations which have been given in the past to some parties made deductible for income tax purposes. I would consider them to be rather in the nature of business transactions. However, there are thousands of people in this country who give regularly to political parties out of their personal purses—and, sometimes, the purses involved are meagre. They give in the belief that the philosophy of their chosen party is such that its application would make for a better way of life for the people of Canada. This type of donation is, I believe, made in very much the same spirit as are donations to churches.

I commend the hon. member for having brought this interesting proposition to the attention of the house, and in case the measure is talked out—perhaps by the hon. member's own colleagues—I should like to put