

Income Tax Act

And I trust all hon. members of this House qualify under this definition.

—an intelligent reader and not only by specialists.

Reference is made by the authors to the internal revenue code of the U.S. being written in a much more readable form. They finish their recommendation by saying:

We commend for your consideration, the setting forth of a general rule at the start of every subdivision where possible. In many instances it is now difficult to tell whether a section in the bill contains a general rule or is dealing with an extraordinary circumstance, special exception or loophole. We have indicated in this submission, several places where reciprocity of treatment is not afforded to both sides of a transaction—

And this, I trust, will be corrected, Mr. Speaker.

—as where a selling price is deemed to be some amount but the purchase price is not deemed so to be. We are sure we have overlooked many places where this will be a problem in the legislation and we suggested a general section might be included to the effect that such reciprocity will always exist unless explicitly excluded in the statute.

In other words, if you sell a car for \$5,000, somehow or other that is not the purchase price for the buyer under the circumstances explained in the act. The intelligent reader would say: "Now, come on, let us have a little sense and let us get a little sense". Now, Mr. Speaker, this will create some problems later on. I referred to this in my remarks in the point of order I raised. I do not think it is any secret that the Department of Finance has an armload of amendments ready for this House on this bill. I know that some of them are to be of substance, and I am wondering. I think there is a way out but I wonder whether the government is prepared to take it. However, this cannot be brought about by shuffling amendments.

May I conclude the introduction of the presentation of the Canadian Bar Association:

In view of the complexity of the draft legislation, we are certain that in the course of the next two or three years, many situations will come to light where the technical application of the legislation will be most unfair to taxpayers. We are equally certain that many "loopholes" will become obvious.

But here is that query: why are the dice always loaded in favour of the government?

We assume that it is for the latter reason that the tax collector has retained a broad discretion in cases where the equities clearly dictate a tax should be imposed, even if such a tax is inconsistent with the technical words of the Act. Surely, in fairness, this should be broadened so that the taxpayer has a similar right if he can convince the courts that to levy a tax would be a manifest inequity.

I have not been able to find that particular section, one of those broad discretionary powers given to the Minister of National Revenue that always loads the dice in favour of the tax collector. The hearings of the Finance Committee on the tax proposals, the hearings of the committee of the other place, the representations in the press and the letters to the press all demonstrated one thing, if nothing else, that the Canadian public are in fact the people more affected than the government. Gracious me, you would think sometimes that the government and the people were enemies, but certainly those who line themselves behind the bureaucratic walls consider the public to be the enemy, to be the body that has to be plucked. This white paper of the government was supposedly founded on the main principle of equity; in other words, a sort of neutrality between taxpayers. This was the darling of the aca-

demics, so many of the obscure economists who have been writing about this in some dusty journals.

I majored in economics, Mr. Speaker. Perhaps one would never know this, but those were my better subjects in my undergraduate years, and I won a scholarship on the basis of that. But many of those things drove me away from that fate which I thought was worse than death. Many economists have become enlightened, but we have talked about this equity as between taxpayers which was supposed to be the first principle of the white paper. The Canadian public, to a man almost, said that equity is as between me, the taxpayer, and the government. That is where equity shall lie. That is where I say it should lie. As between government and taxpayer there shall be equity, and as between taxpayer and government there shall be equity. There is no equity between those to whom I referred last. Gone are the days of these prerogatives. Many of them are carryovers from the rights of the lords to all sorts of privileges over the persons and property of the subjects they governed. These rights have been translated into government. But I would suggest to you that people are saying no, and after all I do not think that the people of this country exist for this government to govern but that this government exists to govern over the people.

• (5:10 p.m.)

Now, let us turn to other matters. There is the matter of the capital gains tax. It is a very complex matter. We have used the phrase "a can of worms". I have used it many times. It has become a trite phrase. In fact, I think it is a barrel of worms. Some good may come out of it, but it certainly has differing effects in various parts of Canada. I want to point out quite clearly that a case can be made for a capital gains tax with regard to gains in the stock market, provided adequate provisions are made for allowances for losses. Personally, I have always felt that that has been one of the unfortunate features of the financial history of this country. By reason of the absence of a reasonable capital gains tax, with compensating allowances for losses, we found that the average Canadian simply could not afford to lose, and so he allowed the other guy to come in who, under another country's law, had a way of compensating for his losses. As a result, the Canadian invested in savings accounts and government bonds, but not in equities.

Then, we had the principal occupation rules that were insisted upon, contrary to reality. Our foreign friends really were invited to come in to take over many of our natural resources because of a stupid stubbornness to insist upon the purity of the main principal occupation rule.

An hon. Member: You tell them, Marcel.

Mr. Lambert (Edmonton West): A lot of nonsense has been written in the newspapers about capital gains. So far as hon. members opposite are concerned, I can certainly tell them that during the years when I was on that side of the chamber, and connected with National Revenue, there was a degree of inflexibility in the thinking about these matters. Like hon. members opposite now who find themselves in the same position, we were struggling against some kind of official position as inflexible as dry wood.