

public body which would have an opportunity of making expenditures without assuming any responsibility for raising the money?

I have always believed, critics to the contrary notwithstanding, that in this country the most efficient governing bodies we have are the small ones such as township councils and local school districts. And why? Because they are close to the people who are being taxed. The people who are being taxed have an eye on the expenditure of every dollar. It is not filtered through as it is in connection with the larger municipalities, with the provinces, and with the dominion. I do not regard as an extravagant waste our multiplicity of small governing bodies. When I see figures quoted about the number of governments we have in Canada, I always bear in mind that by far the greater number of them consist of these smaller governmental units, small school district units, small township councils, which are most efficient in the expenditure of the taxpayers' money, yes, more efficient than this parliament is in its control of expenditures, because, as I have said, the individual taxpayer is in very close touch with his local governing body and sees where every cent goes; the expenditure is a matter of public discussion throughout the whole community; everybody knows about it; and that is the way to get economy in the expenditure of public funds.

I regard the maintenance of the principle to which I have just referred, that a public body spending money should be responsible for imposing the taxes to raise that money, as one of the most important principles of public finance. I said a while ago that the provinces have been insistent upon a broadening of their taxation power. At the recent dominion-provincial conference, after very lengthy discussion, the provinces were unanimous in requesting the amendment to the constitution covered by section 1 of the resolution now before the house. With all due deference to the leader of the opposition as a great lawyer, the government must take from the Minister of Justice (Mr. Lapointe) its advice, as to the way, legally speaking, to do things. But may I buttress the Minister of Justice by reminding the house that there are nine provincial attorneys general; these nine gentlemen were present at the dominion-provincial conference, and there is no doubt as to their view that, in order to effectuate what they desire in the way of a sales tax within the province, this legislation is absolutely necessary.

Mr. CAHAN: There is another question, as to whether it is expedient or not.

[Mr. Dunning.]

Mr. DUNNING: As to whether it is expedient or not—I will try to discuss that.

Mr. CAHAN: Or as to whether it gives the provinces access in this way to more revenues than they have by their present powers of direct taxation.

Mr. DUNNING: The first point has been subject to criticism. I know, of course, that in argument in court it is customary to say: Well, I make this point; if I do not succeed on this point I make the next point, and if I do not succeed on that I make a third point. And so on up to the umpteenth point, and the fourth point may be a flat contradiction of point number three. I am not capable of following that kind of argument.

Mr. CAHAN: Oh, quite, and quite capable of asserting it.

Mr. DUNNING: I can say this to my hon. friend, that there is no doubt that each province in Canada has been endeavouring to collect what are in reality retail sales taxes. The provinces have been assisted by legal minds to devise ways and means whereby an apparent prohibition is in some manner evaded; legally evaded, of course. Those things must be done legally. So we have at the present time a variety of what I might call pseudo-indirect taxes—

Mr. BENNETT: What are they?

Mr. DUNNING: —in the provinces of Canada, and, in some cases, in the municipalities.

Mr. BENNETT: Such as?

Mr. DUNNING: Gasoline tax, the fuel oil tax, the meals' tax. I know my right hon. friend draws a distinction. He says that it is quite competent for the provinces to levy a tax provided they make the man who buys pay the tax in the form of a couple of coppers, but if on the other hand they say to the merchant selling the goods that he must pay them the equivalent of two cents, that is illegal. I understand that is the distinction; and as a consequence of it the people are inconvenienced, the stores are inconvenienced, the provinces are inconvenienced, by a very cumbersome system of tax collection. They all complain about it, and the public complain about it. From my point of view it has only one merit, and that is that the people never have any doubt that they are paying a tax when they pay out the two coppers, or the five coppers, as the case may be, under the various tax laws of the provinces as those laws now exist.

Mr. BENNETT: And there was no trouble in collecting the gasoline tax.