

Income Tax Act

For a very long time now provincial and federal officials have been meeting to discover new tax fields instead of seeking means of distributing the real wealth of Canada. In order to point out the difficulties caused by an upside down system I would like to quote the view of a professor of constitutional law, Mr. Justice Maurice Allard, a former member of the House of Commons. About the various tax systems he made the following remarks:

Somewhat disturbing is the fact that before 1949 the Privy Council in London allowed in carefully prepared rulings essentially indirect taxes to be considered as direct taxes. The pretext invoked is that instead of being included in the bill linking the manufacturer with the retailer that indirect tax is being charged to the consumer who pays it. Thus that indirect levy becomes a direct tax. The sales tax is a typical example. But with such fiscal definitions and moods how can we know in Canada who is entitled to levy the indirect taxes, the direct taxes and the indirect taxes which became direct taxes through a fiction of the law?

This is a complex system.

In the report of the 1941 federal-provincial conference, Mr. Aberhart stated, and I quote:

We are here to make it possible at some near future date to formulate for Canadians a series of decisions which will give them security in old age and the right to enjoy, according to their needs, the abundance of food and clothing and the comforts of adequate and sanitary shelter which the limitless resources of this great dominion can provide.

● (4:40 p.m.)

We are here, I assert, to establish a heritage of education for those who seek to learn; of health for those who suffer pain or disease; of security and deliverance from debt for those who have builded homes in their prime of life and who may face eviction and the loss of their sacred firesides when the lean years descend.

We are here, I believe, to draft a scheme of things for the Canada of the future, a scheme of things which will bring to that Canada a standard of justice which shall place human values above dollar values, a scheme of things that will provide for our fighting heroes when they return a standard of national.

Unfortunately, the wise advice of Alberta's premier was ignored then. And we are still grappling with a tax, strike, debt and even revolution producing system.

There are even newspapermen who believe that they are well informed and write fairly perplexing editorials in *LE DROIT*, of which I have a copy here.

The title used for an editorial reads "Blessed debts". The editorialist would like the readers to believe that the interest payment on the debt means that money going back into circulation in Canada accelerates trade in this country and that if that money is reinvested in federal or provincial government or industrial bonds, it gives a new impulse to the national economy.

That the greatest part of the charges or service on the public debt serves to enrich the taxpayers seems a paradox to me. It would be quite a task to convince people like that of the benefits of creating money without debt.

To complete the picture, an article was published in the March 9, 1971 issue of *La Presse* under the title "Canadian Indebtedness is Increasing": five per cent more in 1970. It is reported that total consumer credit in 1970 stood at \$11.3 billion.

With all the advertising that goes on and the example set by the government, which spurs them to get into debt, a

[Mr. Dionne.]

large percentage of the Canadian people can indulge in any extravagances, on credit.

On March 16, 1971, in an article written by Mr. Claude Beauchamp, and bearing a title appropriate to our time: "Flying Beggars",—we summarized the steps taken by some politicians seeking loans from the United States.

Another article, entitled: *Taxes on Genius*, under the signature of Maurice Huot and published in the newspaper *Montréal-Matin*, on December 14, 1970, referred to the fact that the former governor of the Bank of Canada, Mr. Graham Towers, stated in 1962 that the tax burden placed on the Canadian people by all levels of government was too heavy. The author had this to say:

Among the means to reduce unemployment, one that is evident, and all experts say so, is to induce the establishment of secondary industries creating employment. However, unless they enjoy a set of exemptions, industrialists are not inclined to initiate and develop industries whose profits taxes will eat up, leaving only the bones.

Jobs can derive only from an economy where profit is promoted in proportion to investments and risks. Nobody will work for the sole pleasure of paying more taxes to the country. When governments as a solution to all economic problems, resort to heavier and heavier taxes, they show little imagination and little know-how. But to stimulate the economy without additional burden would indicate that talent, if not genius, has come to Parliament; that is what we should expect from our leaders. Some of them seem convinced that words and speeches can be a substitute for action.

In our superstructured societies, one seems to endow economists with almost absolute infallibility. Many of them hold positions in the public service, take part here and there in a committee or an agency and are favourably looked upon by government. People listen to them. Some of them, though unfortunately very few to date, have begun to realize that order should prevail in the financial system.

Those who claim that planning—whether indicative or imperative—will put an end to all evils do nevertheless face the basic arithmetic problem that one plus one makes two. One cannot escape from it whatever theory is advanced, be it nationalism, marxism, socialism, planning or controlled economy. We are too much aware of administrative failures in other countries to forget arithmetic.

In conclusion, I will quote some excerpts from an editorial of *La Presse* of March 22, 1971:

False economic theories

—in the face of the extensive problems which inflation and unemployment have created lately, some specialists are now beginning to ask questions. Do economists deserve the reputation of infallibility attributed to them? Do their theories conform with reality? Is it not time to question some of their tenets?

These are not statements made by Creditistes! It is an editorial written by Mr. Jean Pellerin and published in *La Presse*.

I proceed with the quotation:

Mr. André Piettre, a French economist, a professor at the Paris Faculty of Law and Economic Sciences and a specialist of the economic theories expounded by the German school, has taken the liberty of initiating in the weekly edition of *Le Monde* of 4-10 March last, a serious review of the Anglo-Saxon school's economic doctrines. The following remarks are based on this review.

According to the Anglo-American school of economists, inflation has a beneficial aspect. It stimulates economic development. This, according to Mr. Piettre, is a pernicious and baseless theory