

that at rather high expense, to learn that they must cede to the "taxers" part of their income.

If at least a realistic personal exemption of \$1,500 for single persons and \$2,850 for married couples had been established. As soon as it is recognized that an income of at least \$3,000 for a single person and \$5,000 for married couples is necessary to live decently, why take part of their income before they have earned what is considered absolutely necessary to live? That is sheer nonsense.

• (4:30 p.m.)

Here is what a Professor of Economics at the University of Montreal and former researcher for the Carter Commission on Taxation wrote in Montreal's daily *La Presse* on June 4, 1969, and I quote:

—the average Canadian, whether he is single, married or has dependants, whose annual income varies between \$8,000 and \$25,000, pays up to 36.6 per cent more income tax than the American resident in similar circumstances.

Paradoxically, income tax represents a smaller portion of the Canadian government's aggregate revenues, due to a lower per capita income, and because indirect taxes represent a larger part of the revenue than in the United States, the professor added—

He also said that "if we do not examine federal expenditures with a very critical eye, there is little which can be done to relieve the relatively excessive tax burden on the Canadian taxpayer."

A few days ago, several politicians were panicky as a result of an American decision to levy a 10 per cent surcharge to protect the American dollar. Some cartoonists even suggested—as in *Le Devoir* of September 7, 1971—that the usual smile of our Minister of Industry, Trade and Commerce (Mr. Pepin) had been slightly depreciated. I hope that the same minister who is responsible for the publication of "Canada 1971" will find enough space in the next edition to show the doubtful efficiency of the proposed remedy which will cost \$80 million to the Canadian taxpayers, to reduce the effects of the American surcharge instead of approving the mistakes of inexperienced writers who try to disparage political movements under development.

As for Bill C-259, even if it has 710 pages, those who advocate the taxation system did not find the necessary space to include a provision aimed at lessening the burden of Canadian labourers working in the United States, especially Quebec lumberjacks who are compelled to file three income tax returns, one to the United States, one to Ottawa and another to Quebec. These workers travel several miles twice a week to reach their job in the forests of various American states and are allowed no deduction for travelling expenses, purchase of machinery such as chain saws and other expensive equipment. There is no provision in bill C-259, despite its 700-odd pages, for incentives to forest workers who earn a difficult living in different logging camps of Canada and the United States.

In January 1972, Canadians working in U.S. territory were to obtain unemployment benefits. However, here again the tax people have provided in the legislation that contributions may be deducted while benefits are taxable. They do not seem to have foreseen that tax officials will demand proof of amounts of contributions paid. There will be further complications in this field and, as usual, the worker will remain a victim of an over-sophisticated tax system.

Incidentally, let me point out that the government should definitely take into account that lumberjacks crossing the border to work in American logging camps contribute to lowering the rate of unemployment in Canada. Unfortunately, those who had a hand in drafting Bill C-259 were rather inclined to protect the "fund". Obviously, nobody likes to pay taxes. It is regrettable that most people accept them as a necessary evil in the present system. However, the government should try to alleviate part of the bad effects of the system.

As far as the co-operative movement is concerned, it clearly stated its position in briefs submitted earlier.

The provisions of Bill C-259 are unfair to co-operatives because they are not consistent with their judicial structure, their principles or their operating procedure.

The capital provided by a member to his co-op is not for a direct return on capital.

If this legislation was passed without any amendment, its effect would be to stop the normal growth of co-ops, and the Department of National Revenue would be deprived in the future of the sources of revenue that it seeks through taxation.

The savings of a credit union member are refundable at his request. The rate of return on these savings must therefore be competitive, in proportion to that of other financial institutions. The application of the principle of capital employed, so as to provide a return on capital, has no reason to be, where as the market on which the credit union is dealing requires a competitive return, itself taxable, to the member. Upholding the principle of capital employed cannot but result in administrative problems, without any predictable tax profitability.

The champions of the "just society" should not give us the evidence that they are changing it to the "punitive society".

I know very well that the supporters of the system could give us proof that the origin of taxation goes back a very long way. In England, during the feudal system, the collector who could levy the most taxes was allowed to use any means that seemed appropriate to him. This system resulted in abuses of all kinds to the point where some tax collectors became richer than the king.

The incomprehension demonstrated in tax collection caused the French and the American revolutions. In 1776, Adam Smith established the principles of taxation. He summed it up by saying:

The tax legislation must be clear, simple and fair in its incidence.

Taxes must be of general application and known to those who pay them. In other words, one must know how, when, why and how much he pays.

In our times, the tax collector performs under the present law a task which undoubtedly requires much specialization. His field of action involves direct and indirect taxation. In Canada, there are over 25 regional income tax offices and around 350 customs and excise offices. The Department of National Revenue has about 13,000 employees. I admit that most of them are dedicated to their country; but they are a team of well-paid men who are enforcing a bad law.