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incumbent on any public authority to provide alternate sources of funds, if they want reform. Wherever reform has been successful, it has always been along the lines of providing alternative sources, where they have desired to cut off previous types of giving which are now deemed not being illegal, illegitimate or unacceptable. All the subsidy schemes, by the way, except perhaps the Swedish scheme, were designed with that in view. The first, strangely enough, was on the Island of Puerto Rico where they wanted to get rid of the macing, as it is called, of civil servants. However, the macing of civil servants, interestingly enough, was introduced in Puerto Rico as a better alternative than depending on the sugar interests in Puerto Rico.

Similarly in West Germany when the constitutional part of that country back in 1958 or 1959 decided that income tax deductions for corporate donations to political parties was unconstitutional on the grounds that corporations were there to make money for their shareholders and not to support the political party, this was the argument that the German constitutional court took. They then introduced a subsidy system.

I think the background of the Quebec subsidy system, in many respects with previous history of abuse in that province, speaks for itself and explains why this was introduced in Quebec as well. The introduction of these schemes was in line with providing a better or more acceptable alternative to previous sources of funds.

I think simply imposing bans or restrictions without providing alternative sources of funds really invites increased abuses. It will drive under the table things which were previously done above-board.

As one final word, perhaps I could say at this point on disclosure, we must remember that the Canadian law has required disclosure—whether it has been honoured in the breach than in the observance is for you to say—in form 61 for a very long time, but this, of course, has been imposed only on the candidate and not on the party.

The Chairman: Mr. Walker? Were you through, Mr. Forrestall?

Mr. Forrestall: No, but I will...

The Chairman: Sorry, carry on then.

Mr. Forrestall: My other question, sir, and you started to touch on was, in your own opinion what is the most practical approach to the question of tax credit or some form of reward from the public purse for contributions to the private party or candidate?

Dr. Paltiel: Clearly we have had a long experience in this country with the deduction for income tax purposes of charitable contributions.

The Committee, on the other hand, advocated a tax credit rather than a tax deduction system. It provided some rationale for its step. In this case I am not speaking for Mr. Dryden, Mr. Coldwell, Mr. Smith, Professor Ward or Professor Farwell.

Mr. Forrestall: I was asking you to speak for yourself.

Dr. Paltiel: I think there is an argument to be made for the tax credit system on the ground of equity. I think this is really the ground. Let us take a contribution of

[Interpretation]

autorités publiques doivent pourvoir d'autres sources de fonds. Il faut fournir d'autres sources de fonds quand ils veulent diminuer, abolir d'autres sources qui sont illégales ou illégitimes, etc. Et tous les systèmes de subsides, comme par exemple, le système suédois ont été créés avec cette idée en vue. Le premier système fut organisé à Porto-Rico, aussi surprenant que cela puisse paraître.

En Allemagne de l'Ouest, par exemple, en 1959, les déductions de l'impôt sur le revenu pour les dons des corporations aux partis politiques sont déclaré inconstitutionnelles voulant que les compagnies doivent faire de l'argent pour leurs actionnaires; ils ont alors instauré le système des subsides.

Je crois, en fait, que tout l'ancien système au Québec et son passé marqué d'abus explique la raison pour laquelle le nouveau système a été instauré. Il faut donc fournir une autre source, il faut que le Parlement fournisse une autre source.

Je crois que l'imposition de restrictions sans fournir des sources de fonds différentes n'aurait pour effet que de corrompre d'avantage le système.

Il faut se souvenir que la loi canadienne veut la divulgation même si, pendant quelque temps, la divulgation a été imposée aux candidats et non aux partis.

Le président: Monsieur Walker? Aviez-vous terminé monsieur Forrestall?

M. Forrestall: Non mais...

Le président: Pardon, continuez.

M. Forrestall: Vous avez parlé également d'une autre question. Quelle est la façon la plus pratique d'envisager le dégrèvement d'impôt en guise de remerciement des fonds publics pour des contributions faites aux partis privés ou aux candidats?

M. Paltiel: Nous avons une grande expérience avec les dégrèvements d'impôt pour contributions charitables ou pour contributions aux partis.

Le Comité, par contre, se fait l'avocat d'un dégrèvement d'impôt plutôt que d'une réduction d'impôt. Il y a quelques raisons logiques derrière cela, et je pourrais peut-être m'étendre sur la question.

M. Forrestall: Je vous demandais de parler pour vous-même.

M. Paltiel: Je crois que l'équité est la raison principale pour le dégrèvement d'impôt. Une personne qui fait un don de \$10 dollars, si elle paie 50 p. 100 d'impôt, elle ne