

## CANADIAN TAX FOUNDATION: AN ANNOUNCEMENT

Some two years ago the Taxation Committee of the Canadian Bar Association and the Legislation Committee of the Dominion Association of Chartered Accountants concluded as a result of their experience that it would be of value to the country to establish an independent institution to undertake and promote the systematic study of Canadian tax questions from the standpoint of the general public interest, having regard to their broad significance in the welfare and progress of the national economy. Accordingly, through the joint action of these two bodies the Canadian Tax Foundation was incorporated for this purpose in March 1945 as a non-profit organization without share capital, having its head office in Toronto.

At that time the War had not yet ended and it was not possible to proceed immediately to the stage of active organization. It was also first necessary to ensure an adequate basis of financial support. In view of the Foundation's intended character and function, satisfactory indications were received in due course, principally from various clients of the sponsors, that sufficient funds would be subscribed to provide for an initial five-year period of operations.

The control of the Foundation and the direction of its policy are in the hands of a Board of Governors presently composed of twenty-two members, of whom half are nominated by the President of the Canadian Bar Association and half by the President of the Dominion Association of Chartered Accountants. The Governors hold office for a term of one year following their election and serve without remuneration. At the Annual Meeting held in Toronto on February 12th, 1947, the following were elected Governors of the Foundation representing the Canadian Bar Association: Hon. G. P. Campbell, Toronto; L. A. Forsyth, Montreal; M. L. Gordon, Toronto; L. J. Ladner, Vancouver; Hon. F. A. Large, Charlottetown; J. A. MacAulay, Winnipeg; H. C. F. Mockridge, Toronto; G. R. Munnoch, Toronto; J. McG. Stewart, Halifax; H. H. Stikeman, Montreal; A. Taschereau, Quebec, Que. Representing the Dominion Association of Chartered Accountants are: A. E. Beauvais, Quebec, Que.; W. J. B. Gentleman, Saint John, N.B.; J. G. Glassco, Toronto; H. C. Hayes, Montreal; G. E. Hayman, Halifax; H. P. Herington, Toronto; W. G. H. Jephcott, Toronto; R. R. Keay, Vancouver; K. J. Morrison, Calgary; H. G. Norman, Montreal; and J. S. Swinden, Winnipeg.

At the ensuing meeting of the Board, Mr. J. Grant Glassco was appointed Chairman, Mr. Molyneux L. Gordon, Vice-Chairman, and Mr. H. F. White Secretary-Treasurer. The Executive Committee was also appointed, composed of the Chairman, the Vice-Chairman, and Hon. G. P. Campbell, H. P. Herington, W. G. H. Jephcott, H. C. F. Mockridge and G. R. Munnoch, the Vice-Chairman to preside *ex officio*.

For the position of Director the Foundation last November secured the services of Mr. Monteath Douglas, who was Economist of the Bank of Montreal from 1937 until 1942, when he went to Washington on wartime leave of absence to work for the Canadian Government. When the Director was appointed the Executive Committee of the Board adopted for his guidance the following statement of principles to govern the operations of the Foundation:

1. The Canadian Tax Foundation has been brought into existence as an independent institution in order to undertake and encourage study and research in the field of taxation and related economic problems and to make disinterested and constructive recommendations regarding policy, legislation or administration upon any matter in which its findings may serve the public interest. The Foundation may also publish material for the general purposes of public education.

2. The success of the Foundation's work will obviously depend upon its good standing with both the public at large and government authorities as a recognized source of dependable information and objective opinion.

3. The desired standing can only be achieved gradually by actual performance based upon a broad view of the Foundation's responsibilities and a long view of its objectives. While the Foundation will welcome for consideration all suitable suggestions concerning its programme, it cannot undertake to give effect to particular proposals of any of its subscribers in this regard or entertain such proposals as a condition of support.

4. As regards its relationship to the public, the Foundation will operate, in effect, as a public service under professional and private auspices. In addition to its primary functions it should be equipped in due course to supply as a reference service factual information, not held confidentially, for the benefit of any interested person without charge other than recovery of special expenses. The Foundation definitely will not advise or represent any particular persons or associations, whether subscribers or not, with respect to their interest or liability as taxpayers, or with a view to enactment or amelioration of special legislation.

5. As regards its relationship to government bodies, the Foundation will seek to enlist their co-operation in the investigation and supply of the factual data required for the purposes of its work and will welcome the reference to it for study of any question coming within the scope of its operations. The Foundation will not engage in any form of partisan propaganda.

The work of the Foundation is at present still in the organization stage and progress has been delayed by the difficulty of securing suitable office space. It is expected, however, that satisfactory arrangements will be established in the near future and it will then become possible to enlarge the staff and to assemble and organize the necessary library and research facilities.

It is recognized that the Foundation's terms of reference cover a wide field, which requires a carefully planned approach if waste of effort is to be avoided, and that during the first year much time will have to be devoted to work of a general survey character. It is therefore considered unwise at this stage to project a plan of operations beyond the present year. The Board has approved an initial programme submitted by the Director which provides, as first steps, for the development of its facilities and for studies of certain basic matters of fact, such as the principal changes in the structure and incidence of Canadian taxation which have occurred as a result of the War. This, however, will not preclude other projects for which a need or opportunity may appear.

Following his appointment, the Director visited Ottawa, New York and Washington. In Ottawa he called on a number of senior Government officials with whom he discussed the purposes of the Foundation in a general and preliminary way. He had a cordial and encouraging reception. In the United States he visited several well-known organizations and individuals who are engaged or interested in the taxation field, including two British authorities who happened to be available in Washington at the time. These visits have afforded the benefit of the experience of others which will be of value in developing the Foundation's methods and policy.

It is intended that as soon as matters which require prior attention have been put in hand the Director will travel across Canada in order to meet those Governors and members of the Foundation who were prevented by distance from attending the Annual Meeting, to obtain the benefit of their views and to acquaint them more fully with the progress of the Foundation's affairs.

The Foundation will welcome applications for membership from interested members of the two sponsoring Associations. There is no fixed membership fee, but individual subscriptions in any amount not less than \$10 a year will be accepted. Every member will receive a copy of the Annual Report and will be entitled to attend the Annual Meeting, and will also receive

copies of any material the Foundation may publish from time to time. As the Foundation has been established for research and educational purposes, contributions to it are deductible within the statutory limitations in determining the taxable income of individuals or corporations.

Any communications or inquiries concerning the Canadian Tax Foundation may be addressed to the Secretary-Treasurer, Mr. H. F. White, 603 Royal Bank Building, Toronto.

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### THE COMPACT THEORY OF CONFEDERATION

Finally, on grounds of practical convenience the compact theory of confederation is wholly untenable as applied to the conditions existing in Canada. The economic interests of several provinces or groups of provinces are dissimilar. Provincial sentiment slumbers but does not sleep. Differences of race and religion are a potential cause of misunderstanding and friction. A single province sometimes labours under a deep sense of injustice against the Dominion Government. The interests of the extremities of the Dominion are frequently in opposition to the interests of the central provinces. With such elements of instability in the political situation, consider the latent dangers in the doctrine of unanimous consent. If the compact theory were accepted with all its implications, an amendment of the British North America Act might be effectively countered by a single province. The representatives of one hundred thousand people in Prince Edward Island might set at naught the will of nine million in the other provinces. There could be no more effective brake on the development of our national institutions. No adequate means would exist to give effect to the national will. Our Constitution would tend to become rigid at a time when changing currents of social and economic thought call for a serious reconsideration of the distribution of powers and delimitation of fields of taxation as laid down at Confederation. The purpose of unanimous consent is security through stability. But political societies are not static but progressive. If their needs and aspirations grow with the times, stability of constitutional arrangements will produce friction instead of security. It is the virtue of the English Constitution that it can adapt itself readily to any change in the temper of the nation, or any demand for an extension or contraction of the boundaries of political action. With a federal constitution this quality of flexibility is not attainable to the same degree, for the constitution is a written one and necessarily calls for a more formal procedure of amendment. Within these limits, however, which are inherent in federalism, there ought to be an effort to obtain the maximum of flexibility consistent with a reasonable security to the legitimate aims and interests of minorities and provinces . . . . (N. McL. Rogers in *Proceedings of the Canadian Political Science Association*, 1931, p. 205)