

Income Tax Act and Estate Tax Act

appears reasonable to conclude that taxation imposed on the value of a business will in some instances influence the owner to sell part, or all, of the business. It is highly unlikely that sales of businesses will result from one motive only, and if estate tax is a contributing factor its impact will vary in each instance. However, assuming the extreme position where a business is sold only to meet taxes, the result of the sale may in economic terms be good or bad depending on whether or not it advances the future prospects of the company.

He says the same thing about farms. I am speaking of this great socializer, Carter. This is the bible that the N.D.P. go out and campaign on. This is the great line, the cruncher:

There is little evidence to support the position that businesses tend to prosper to a greater extent because they remain in the same family.

In other words, Carter asked why farms should be passed on to families, why businesses should be passed on to families. In his view they might be better off in the hands of strangers; it might be better to drive sons off the farm. Did the N.D.P. say that in Saskatchewan when it was winning farm seats there? I don't think so. Did the N.D.P. say this to small business? No one operates a business of any size in Canada today under a quarter of a million dollars. That is peanuts following the inflationary period through which we have been passing. Carter recommends that—

Mr. Thomson (Battleford-Kindersley): On a point of order, Mr. Speaker, and just to keep the record straight, may I ask the hon. member whether it was not the right hon. gentleman from Prince Albert, when he was prime minister, who inaugurated the Carter tax study?

Mr. Woolliams: I am quite prepared to say he did not write the report. Mr. Fleming appointed Mr. Carter and I said to Mr. Fleming, and I think Mr. Fleming admitted it himself, that it was a great mistake. Carter was told to look at changes in the estate tax and income tax. He was not told to bring in a socialistic bible. Anyway, Mr. Speaker, I do not have to live with the sins of the Diefenbaker cabinet. I never was graced by that opportunity.

These recommendations are like Carter's little liver pills, and I do not think my hon. friend should recommend them to the farmers. I think he is too intelligent to do that. I want the farmers of Saskatchewan to know what they were voting for, particularly in those areas that went socialist. Coming from one of those belts I have never understood how they could be socialist. If the people in

those areas are not capitalists there are no capitalists in Canada.

The hon. member for Saskatoon-Biggar (Mr. Gleave) does not like it when he hears talk about socializing farms. If one is attempting to win farmers' votes then I must agree with him. You must ask, does it affect my little old pocketbook and my little old ballot box, when you are running to be a member of parliament.

To return to my quotation from the Carter Commission report:

It is not the purpose of the tax system to cause businesses to be sold or to protect them from sale. Taxation should be levied in the most neutral manner possible. However, this does not mean that if a taxpayer elects to place his resources in such a way that they are not readily realizable, he should secure a tax preference over other taxpayers with liquid assets.

In other words, Carter says that if the estate tax, or this new tax bill which has out-Cartered Carter, makes a farmer sell his holdings, or a businessman sell his business, or a family sell its shares in a big industry that it controls, so what? Let these assets fall into a stranger's hands. If the grandfather went to great pains to build up a business or an industry, to create something for his heirs, let it be destroyed. There is only one system like that in the world.

If this proposed change is adopted we may destroy the small businesses of Canada, the farmers and the ranchers. Even those salaried people like deputy ministers, who probably get around \$45,000 a year and put their money in investments, or who buy into a company when they retire, will not be able to pass the benefits on to their sons. Yet Carter says this is all right.

The T. Eaton Company is one of the richest family controlled enterprises in Canada. Grandfather Eaton did more to develop the west than any other living industrialist in Canada. He brought supplies to the farmers through his catalogues. The tragedy of the situation is that through legislation like this we may force the grandson to sell the business to Americans, or have the state take it over.

Speaking in Weyburn the Prime Minister (Mr. Trudeau) said that inefficient farmers have to go. I have a clipping of his speech in my possession. I was quite surprised to read that.

I say to the members of this House of Commons that the situation in Canada is far different from that in Great Britain. We are a country that needs capital in the hands of