

Dominion Succession Duty Act

legal advice, and if he does give it it is usually worth no more than is paid for it. I leave this matter there with the hope that some of the loopholes will be eliminated in the new legislation.

I wish to turn now to the larger social objective I mentioned, namely the necessity of trying to ensure a fairer distribution of wealth in Canada. We should ask ourselves how the national income is distributed today. What claims are made upon the total national wealth produced by all of us? I think it falls into three broad groups. In the first place you have people who have a claim because they perform services by hand or by brain. They have made a contribution to the community and they secure a just recompense for the service. In the second group you have people who assert a claim because they are in need. They may be in need through sickness, accident, widowhood or something of that kind. Under our social welfare legislation we recognize that need and make provision for it. Indeed, many of us think that kind of distribution of our national income should be increased in accordance with the Christian principle that the strong should help bear the burdens of the weak.

But there is also the third group which makes a claim upon our national income not because of something they do or because they are in need but because they own something. They may own stock certificates or real estate titles. They say that by reason of ownership they are entitled to such and such a living, and usually it is a very handsome living. As a result of that we have in Canada people who have amassed great private personal fortunes. Through the receipt of rent, interest, profit and capital gains great fortunes are built up and they take a very large proportion of our national income. Perhaps I should not say large. I doubt whether it is much more than 10 or 15 per cent of the total national wealth produced and yet when you consider that it flows into so few hands it is a very large percentage indeed.

We are faced with the problem, which this bill should cope with, that these large private fortunes pass on from generation to generation. Under the operations of our economy, and particularly in a period of economic expansion, these private fortunes can hardly help but increase from generation to generation. In spite of our taxation laws that increase takes place and like a snowball rolling downhill large private fortunes increase from generation to generation. The result, of course, is that you have an hereditary aristocracy of wealthy individuals

existing side by side within a democratic state with the other groups I have mentioned. It should be one of the objectives of this bill to remove this anomaly. I think we should and must so graduate succession duties that we will be able to assure to all children an equal start and fair rules in the race of life.

The rates of taxation that obtain in Canada now should be compared briefly with those in effect in Great Britain at the present time. I have made rough calculations of the British rates. They are not completely up to date but they will serve to indicate how in Great Britain they have graduated this tax steeply in the upper brackets in order to eliminate to some extent hereditary fortunes passing on from generation to generation. In Canada an estate of \$100,000 is taxed on death at the present time at between 15 and 19 per cent and in Great Britain it is roughly the same for a comparable estate, but when it comes to an estate of \$1 million, which is taxed in Canada at around 40 per cent, that same estate is taxed in Britain at 65 per cent. In the case of an estate of \$5 million it is taxed in Canada at roughly 54 per cent, but in Britain it is taxed at 85 per cent. It can therefore be seen that British governments—perhaps this method was initiated by a Labour government but it has been left intact by a Conservative government—have insisted upon a steeply graduated tax rate on large fortunes. That is the second purpose of this kind of legislation to which I referred.

I believe I have said enough to indicate that I feel strongly about it. If we are going to introduce a measure of social equality and fair play and equal chances in our society we have to give attention to the means of bringing this about. I do not think we want million dollar babies or even billion dollar babies existing alongside the ordinary run of the mill babies in this country. As I said before, if we are really interested in equal starts and fair play in the race of life, for all, I think we must give consideration to more steeply graduating this kind of tax on big fortunes and I hope that when the minister brings in the bill he will go much farther than he did on December 6 in this house, because at that point he suggested only a change in the exemptions and did not suggest a change in the graduated rates that should apply on large fortunes.

Mr. Christian: Mr. Chairman, I would like to agree with the hon. member for Vancouver-Kingsway in the statement he made to the effect that this measure has great social significance. However, I do not agree with him in respect to his observation with