

*Income Tax Act and Estate Tax Act*

with the proposed taxation the attitude of those engaged in them is: I might as well sell out. And where are they likely to find a purchaser? Very likely it will be a United States corporation. So we find ourselves recalling the stand taken by a former minister of finance, Mr. Walter Gordon, when he urged us not to let Americans take over Canada but promote Canadian investment in Canadian industries. The present government does not appear to think in those terms. It does not worry about the number of corporations which will have to sell out in order to escape succession duties.

We realize that under the minister's new proposal no estate duty is payable when an estate passes from husband to wife or from wife to husband. That sounds good. But it only represents a postponement of a final tax payment. What is the attitude generally to these proposed changes? Many have said to me: What is the use? We might as well spend the money. We saved it to give to our children but there is such a heavy tax on it we might as well spend it.

What is the effect likely to be? An attitude of this kind toward spending promotes inflation. It throws another log on to the fire of inflation and, goodness knows, that is what we want to avoid, because inflation is the greatest enemy facing Canada today. Nevertheless the government is making proposals which will only worsen this situation, and for the life of me I cannot imagine why they should wish to do so at this particular time.

• (5:40 p.m.)

As the hon. member for Calgary North (Mr. Woolliams) has asked, what does the government want to do? Force fathers to sell out? They do not seem to want to encourage their heirs to carry on the family farm or business.

I have received, as I am sure everyone in the house has, considerable mail on this subject, more than on any other matter to come before the house. I am not going to put all of these letters on the record, but there is one that really made me feel terrible. It is from a man who is a long way along life's road. He says:

The political parties all seem not to give a half a damn about the electors who have a substantial estate. "Let's rob them" seems to be the slogan. Well perhaps this will work for a while.

I will mention two items. My son-in-law is a Ph.D. in science from McGill after getting an M.A. from Queen's. He and Marjorie and family are living in the U.S.A. They always talked about the time when they would come back to Canada. But not now. They would be crazy to come back

[Mr. Hales.]

to this country and I told them so. John has applied for U.S.A. citizenship papers.

The other item was told me by a Galt businessman, since the first of this year. A friend of his retired. His home was in Michigan. He had planned to settle in a nearby Canadian town, close to Galt. In checking items with a banker in that town the banker told him he would be crazy to come back to Canada. This chap and his wife are now settled in Florida. I think this could be multiplied many times across the country. If I were only ten years younger and had a wife the same age and well, I would get out of here fast. After spending 52 years in the shoe business I now find that it is practically impossible to pass any of my hard-earned savings on to my grandchildren—ten of them in Canada.

My apologies for this long letter. At long last I am sorry that I am a Canadian.

Is that not a sad way to have to end a letter? This is a man in his twilight years who has worked in the shoe business in Canada since 1909, and who says he is sorry he is a Canadian. We do not want that sort of thing in this country. We want people to have the opportunity to work and to save, to show initiative and receive reward for their effort. It is only natural for a man who works hard to want to save a little money to hand on to his children. He paid tax on that money and he paid plenty. He should be allowed to hand on a portion of what he has saved after paying tax. I am not saying that succession duty should be abolished completely, but I do think some discretion in the amount of succession duty levied should be exercised.

As I said at the beginning, I am not going to belabour this point. I am concerned about small businessmen and farmers, those in my riding who are engaged in industry and who want to survive, to develop their industry and to receive some reward for their work. I do not want the owners of businesses, big and small, to say to me: "What's the use? I might as well sell out." If they have to sell out they sell to people from the United States, and they will eventually take over this country. Although I do not think that is the wish of any member of this house, I can see the day coming when this will be the result if the government continues to tax the Canadian people in the way that is proposed.

**Mr. Smerchanski:** Mr. Speaker, on a question of privilege, the hon. member who has just spoken quoted from page 5682 of *Hansard*, the tenth line from the bottom, and he is correct when he says it should read "before August 1, 1969" and not "after August 1". That accords with the proposed legislation. May I thank him for bringing that matter to my attention.