

*Proceedings on Adjournment Motion*

The *Whale* or her cargo will be removed as soon as the circumstances permit.

The hon. member also referred to the *Irving Lake*—a vessel lodged on the shore line off northern New Brunswick. This wreck had some oil remaining in her tanks. A work crew has been on the scene over the past few weeks and the oil is being removed by burning it. Much of the work is now finished. The remaining tanks will be burned out in the next few days when there are prevailing offshore winds and when there is absolute assurance that no damage to anything else can result.

TAXATION—ESTATE AND GIFT TAX PROPOSALS—  
RESPONSE TO PROVINCIAL REQUESTS FOR DELAY

**Mr. Doug Rowland (Selkirk):** Mr. Speaker, on September 15, as reported at page 7835 of *Hansard*, I asked the following question of the Prime Minister (Mr. Trudeau) and received the following answers. I asked the Prime Minister:

Has he yet replied to the letter which he received from the first ministers of the provinces in which they asked for a deferral of one year on the estate and gift tax proposals now before the House? If he has replied, what is the nature of the reply?

The Prime Minister replied:

Mr. Speaker, no substantial reply was sent as far as I know.

I then asked:

Does the government intend to send a substantial reply to the first ministers?

The Prime Minister's answer was:

Mr. Speaker, the best reply would be the position the government takes in the House when the bill is passed. We cannot reply to the hypothetical situation as to what will happen if the bill is delayed past January 1, the date that the premiers mentioned in their letter to me.

The answer which the Prime Minister gave me is misleading in the extreme since the text of the letter from the Premiers read, in part, as follows. They requested that—

—the present system of estate and gift taxation be continued for at least a year from January 1, 1972 to give the provinces concerned time to assess with the federal government the implications involved in the federal proposal.

The statement refers to the proposal now before the House in Bill C-259 for the federal government to quit the estate and gift tax field and to leave it entirely open to the provinces. In referring, as the Prime Minister did, to "a hypothetical situation as to what will happen if the bill is delayed past January 1," the Prime Minister either completely misunderstood or was completely misrepresenting the contents of the letter. The request which I have read is most precise. The letter from the provincial Premiers was drafted at, and mailed from, their conference in Victoria on August 6. Eight Premiers signed the letter. The Premier of Alberta did not because he had to leave early in order to deal with an election, and the Premier of Newfoundland did not sign because he never attends the conferences.

Eight provincial Premiers have made this request. I see none of the confusion that the Minister of Finance (Mr. Benson) pretended to see when he answered questions on September 8. Moreover, it is beyond belief to me that

[Mr. Duquet.]

neither the Prime Minister nor the Minister of Finance has had the courtesy to reply to the letter.

I would be the last to say that the federal government should automatically agree to everything suggested by the provinces, but surely when the Premiers of eight provinces, representing every political stripe in this country, make a united appeal for a certain course of action on the part of the federal government, the request is worthy of reply. It is worthy of reply if only because the event is virtually without precedent. That statement leaves aside the merit of the provincial Premiers' case.

I would argue that the abandonment of estate and gift taxes by the federal government represents an abandonment of considerations of equity in the tax structure, and I believe I would be right in so doing. However, the provinces have not gone nearly that far. They have simply asked for the delay of one year in implementing that part of the act for some entirely practical and unassailable reasons.

Firstly, the provinces argue that federal abandonment of estate and gift taxes should be delayed for a year because they need time to meet and determine a common policy on the question. If they do not have the opportunity to do so, a tax jungle will be created in the field of estate and gift taxes to the disadvantage of the whole nation. Secondly, the provinces moved to make the request because under the current timetable they would not have time to draft legislation and to assemble their legislatures to deal with legislation concerning estate and gift taxes.

These arguments simply cannot be refuted; their logic is irrefutable. In failing to accede to the provinces' request, the federal government is being irresponsible to the extreme. Not that I am startled by the fact the federal government has acted irresponsibly, but its decision to abandon estate taxes was in itself more irresponsible than its decision not to reply to the provincial Premiers.

If I had time I would read in defence of that statement the arguments for federal presence in estate and gift taxes put forward by this government at pages 32 to 36 of its publication "The Taxing Powers and the Constitution of Canada". In that publication this government under the same Prime Minister (Mr. Trudeau) placed before the provinces and the people of Canada six strong arguments for federal estate and gift taxes and concluded with this sentence:

For these several reasons the government of Canada does not think it would be in the interest of either Canada or of the provinces for Parliament to forgo its power to impose estate taxes.

I wish, Mr. Speaker, that time permitted me to deal with the substantial arguments against federal government abandonment of estate and gift taxes and with the government's specious argument that the capital gains tax is a substitute. Time, however, does not permit this. Thus, I would in conclusion, express the hope that the federal government will see fit to grant the Premiers' request to delay the implementation of the proposals affecting estate and gift taxes contained in Bill C-259.

**Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister):** Mr. Speaker, I am pleased to inform the hon. member that the Prime Minister (Mr. Trudeau) responded this weekend by Telex to Premier Bennett. Premier Bennett contacted the Prime Minister about this question on