

that the press had not done their homework in connection with this bill. I am sure he must have received as many letters in connection with this legislation as I and other members have received, and I think it is unfair for him to suggest that we have not done our homework. I am sure we on this side have done as much as he has done.

I hope he circulates *Hansard* to every farmer and small businessman in his riding so that they will have the opportunity to read what he has said. After all, I think the hon. member would agree that we are here to represent constituencies which, we hope, will grow increasingly to develop Canada as a first-class country. We want to promote industry and small businesses; we want to see profitable farms develop; we want to see greater employment opportunities provided. For the hon. member to suggest that this legislation will not have an adverse effect on Canada's farms and small businesses is, in my opinion, misleading. I should like him to distribute the *Hansard* in question to all his people and let them make up their own minds in this regard.

The hon. member spoke about tax-free gifts. As you know, Mr. Speaker, under these amendments tax-free gifts are restricted to \$2,000 whereas the old limit was \$4,000. The hon. member for Provencher says the effect is unchanged because a husband and a wife can each give \$2,000, making \$4,000. I ask the hon. member: In how many cases does a wife living with a husband pay tax separately? There are some cases, of course. In cases where she is a taxpayer she will be able to give \$2,000.

Mr. Smerchanski: She does not have to be a taxpayer.

Mr. Hales: She has to be a taxpayer. It is not in every case that a husband and wife can each give \$2,000.

Mr. Smerchanski: Sure they can.

Mr. Hales: Well, we will leave it to the lawyers to interpret. I have put my interpretation on it. The hon. member expressed the opinion that from a standpoint of dollars and cents the proposed estate tax is equitable. With regard to estate tax planning, he said, after August 1, 1969 one could opt either to take the old rates or the new rates. This is not the interpretation I place on the bill. After August 1, 1969 there is no such choice; the regulations have to be followed. I ask you, Mr. Speaker, who should be doing the homework?

Income Tax Act and Estate Tax Act

Mr. Smerchanski: You should.

Mr. Hales: You tell me if I am wrong.

Mr. Smerchanski: You are wrong.

Mr. Hales: The hon. member talks about corporations paying between 60 and 70 per cent of their net profits taxes, taking into account the tax on dividends amounting to anywhere between 10 and 20 per cent. He talks about this as though it was a wonderful thing. Imagine a corporation having to pay 60 or 70 per cent of its profits in taxation. How can he, or anyone else with corporations in their ridings, expect them to survive when they have to pay up to 70 per cent of their net profits in taxation? After all, these firms must put something aside for research and for their necessary capital requirements to keep them up to date and in line with the times. I do not know how we can expect them to continue under this staggering taxation load.

Turning again to the subject of small businesses and succession duties, let me say I would have preferred the Minister of Finance to have done something to help these enterprises which are struggling to continue their existence. Let him go up and down the main streets in any of the towns and cities of Canada and see how many empty stores there are. Why are they empty? They are empty because small businessmen have been given no encouragement by the government. Instead of bringing in this type of legislation the Minister of Finance would have been better engaged in providing expanded opportunities for the operators of small businesses.

One point in particular occurs to me in this connection. In thousands of cases the wife of an operator of a small business works with him, serving in the store or corner shop. But the husband is not allowed to charge her wages as part of his operating costs. Yet if she did not work for him he would have to hire somebody else, and the wages paid to that person could be deducted as a legitimate business expense.

A few years ago a Conservative government introduced the Small Businesses Loans Act. I cannot think of anything else which has been done to assist small business. If the present situation continues we shall see more and more empty stores throughout the country. A good deal is said in this chamber about industry. I want to see encouragement given to industry to develop and provide jobs for Canadians. But when large corporations, small businesses and farms are all saddled