

Income Tax Act and Estate Tax Act

First, in order to make very clear the difference in our position from that of the Conservative party and its spokesmen who have taken part in this debate, may I say that we of the New Democratic Party are in favour of appropriate and equitable estate taxes. We regard a proper and equitable taxation system as being one that should serve three purposes. First, it should, of course, raise the revenue necessary to pay for the public services. Second, it should do this in such a way as to redistribute income and wealth. Third, it should be a system which would assist economic growth.

We believe, and I have always believed, that an estate tax is a necessary tax for the purpose of redistributing income and wealth in society. No one benefits more from the collective efforts of our total society than the son or daughter of a father who, no doubt through his own efforts, his capacity and hard work but also no doubt as a result of the organization of society as a whole and the organization of its economy, has been able to amass some savings, large or small, which he hands over to his children. When a child inherits wealth at an adequate level there is no reason in the world that that child should not pay taxes toward keeping the collective society going for all the people of this country in which he or she lives and works.

So we wish to make very clear and underline as strongly as I can that we favour an equitable and fair estate tax. When a person inherits considerable wealth that person ought to pay a fair share of that wealth in order to help carry on the business of the country and maintain all the other amenities from which he and his late father benefited in order to have the wealth which is now being distributed to the child.

We also make very clear that we are strongly in favour of the amendment to the estate tax contained in the bill which refers to elimination of the tax when the inheritance goes to the spouse. We recognize that it is useful when a spouse inherits from her husband, or indeed when a husband inherits from his wife, that there should not be a tax at that point and that the estate is more appropriately taxed when it passes to a stranger or the children. So we are in favour of an estate tax and very strongly support this amendment in so far as it removes the tax from the spouse who inherits the estate.

There are other aspects of the bill, however, which we cannot support. There are other aspects with regard to the reform of our taxation structure which must be taken into

[Mr. Lewis.]

account. We cannot support the minister's bill because contrary to what he and many members of his party have said during this debate the bill is not truly progressive and the rate structure is not equitable. That is the reason the hon. member for Waterloo (Mr. Saltsman) moved the amendment to the bill that it be not read the second time. We want an investigation of the entire estate tax structure to provide truly progressive and equitable rates in that structure.

The minister can talk for as long as he likes and hon. members behind him can speak for as long as they like but the fact remains that it is the low value estates in respect of which we should be concerned, the estates involving amounts between \$50,000 and \$100,000. These are the estates about which I am most concerned. I am much less concerned about the people who inherit from estates involving half a million dollars, \$1 million or \$2 million. They are not constituents of many members of the house; there are not very many of them. As a result of the progress made in the economy and more particularly as a result of collective bargaining there is a growing number of people in this country who, because they now have pension plans and life insurance policies which they did not previously have, are in the group of working people who may have estates valued at over \$50,000.

• (3:40 p.m.)

Mr. Benson: Would the hon. member permit a question? I just understood him to say pension plans were involved in this. Under the estate tax, if a pension benefit went to a wife it would, of course, be entirely exempt.

Mr. Lewis: I appreciate that, Mr. Speaker, but I am not talking about wives at this point. I am talking about the point at which the estate, having been first given to the wife, is distributed on her death to the children.

Mr. Benson: The pension is gone.

Mr. Lewis: The pension may be gone but the estate is distributed to the children and may involve homes and whatnot. As a result of these developments—and whether or not the pension is entirely gone depends on whether the pension is taken in a lump sum—it may become part of the wife's estate. It may be taken in monthly payments, but if it is taken in a lump sum then by some kind of actuarially related lump sum it forms part of the wife's estate which may later be handed over.

What I am saying, without arguing with the minister about the details—and I am