

*Income Tax Act and Estate Tax Act*

Canada was representative of the businessmen and of the farmers of the nation, just as we know that the Conservative party has been representative of them. In my opinion, and not only in my opinion but also in the opinions of tens of thousands of Canadians today, the Minister of Finance is aligning himself solidly with the socialist doctrine that all wealth belongs to the state. He is accepting one of the proposals in the Carter Commission report that has been advocated for so long by our friends in the New Democratic Party.

The hon. member for Coast Chilcotin (Mr. St. Pierre), when he spoke yesterday, deplored amassed wealth and referred to the Rockefellers, the Krupps and the Duponts. He would have us believe that the new estate tax proposals would remedy all this and that all wealth would be equalized. Absolutely the opposite is the case. We are working on an entirely different group of people here. I remind you that the estate tax affects only 50 per cent of the real wealth of the nation, whereas it used to tax 54 per cent. On estates in the million dollar class, the reduction in estate tax has been 4 per cent. We might go on to look at the equity of the social development tax, according to which a man who has an income of \$4,000 to \$8,000 is being taxed at the same rate as the man who makes \$1 million. Certainly, there is nothing here that would indicate that the minister is doing something to distribute the real wealth of the country.

I must congratulate the hon. member for Ontario (Mr. Cafik) on his suggestion with regard to the assessment of land because, as I see it, this is one of the real inequalities. He mentioned that there should be one taxation rate on real estate and he gave an example of the way in which the encroachment of cities pushes up land values. He thought it would be a good idea to assess land on the basis of farm values. I would certainly go along with this suggestion. In my area a great many farms may be valued at \$100,000 according to present inflated land values but in actual fact the net return on them may be less than \$2,500 a year. This was the figure given by the Economic Council of Canada as being at the poverty level.

These people cannot keep a property of this kind and pay these estate taxes. If we allow the discontinuance of farming that will have an effect on the employment situation. If farmers who are forced off the farm are employable, someone else will be out of a job.

[Mr. Downey.]

We have only to look at some of the provinces today to realize that in at least one of them the unemployment figure is reaching over 10 per cent.

So the real problem as I see it is the inflated property values. If we are to accept the estate taxes as proposed by the minister, then let us assess property in line with the production capacity of the property. In my area it may take 30 acres of land to support a cow for a year. At current market prices which are artificially high because of the pressures brought to bear by many factors—and I would use as examples hobby farmers, foreign corporations and Hutterite colonies—the value of the land is vastly over-rated. In my area the land to support one cow for a year would cost possibly \$1,200. In a typical cow-calf operation \$25 per unit is a decent profit, and this is on a well run outfit. So, here we would have an operation on land valued at \$120,000 which would only return the operator an income of from \$2,000 to \$3,000.

• (9:00 p.m.)

The farmer who owns the land may have paid only five dollars or ten dollars an acre for it but in the eyes of the estate tax people he is a wealthy individual. If we are to have estate taxes, then let us have assessments related to profits. I beg the minister to reappraise his position.

In this connection I would quote from an article which appeared in the *Globe and Mail*:

The department's statisticians have ignored the fact that if one owes, say, \$50,000 in estate tax, unless he sells assets to pay the tax he will have to pay it with after-income tax dollars, so it may come closer to \$60,000 in actual cost.

We can readily understand that a man with a family and an income around \$4,000 would have great difficulty in paying a \$50,000 or \$60,000 estate tax bill with after-tax dollars.

I think the hon. member for Battleford-Kindersley (Mr. Thomson) said, something about the minister remembering something which had gone before. I can only say that the hon. member for Battleford-Kindersley is probably also hoping that the farmers in his constituency do not remember the stand of his party with regard to the Carter report and the taxation of capital.

In closing, I should like to quote from a report of the Ontario Economic Council:

Those responsible for guiding the course of our nation's development need only look to history to find proof that nearly every past civilization has