

Income Tax Act and Estate Tax Act

compared to that of Canada, raises a question as to the merit of thus dissipating and discouraging private accumulations of investment capital.

The answer may well be that most Canadians are unaware that transfer taxes are, in fact taxes levied on investment capital...and that Canada ranks above all other nations in the share of taxes raised from all forms of capital investment.

There is irony indeed that Canada, which needs capital almost more than any other western nation, is the most assiduous in destroying the incentive for accumulating such capital and, when such accumulation is made, taxing it out of existence. I am absolutely opposed to this legislation, Mr. Speaker, in theory as well as fact. I believe that instead of considering ways of increasing the tax burden on private capital we should be considering measures to free it entirely from its government-imposed shackles.

Mr. John Roberts (York-Simcoe): Mr. Speaker, there is no doubt in my mind that the government's proposals for estate taxes have caused a great deal of concern, particularly among rural people. In common, I suppose, with many hon. members I received many letters, indeed hundreds of letters, concerning this subject. Along with the hon. member for York North (Mr. Danson), I have conducted conversations, discussions and meetings with various farm organizations. I found that as we explained to the farm organizations the facts of the matter, a great deal of their concern evaporated. There is a great deal of misunderstanding and misrepresentation,—no doubt accidentally,—in the press in relation to the estate tax, and I think this is very unfortunate. I think this is very unfortunate because the Minister of Finance (Mr. Benson), who should be receiving credit for a progressive piece of legislation, is receiving a few brickbats.

The fact of the matter is that in introducing the five year period to pay, a great progressive step has been taken. The fact of the matter is that in enabling wives to inherit tax free, and receive gifts tax free, a great progressive step has been taken. We have heard a great deal of talk to the effect that the family farm is going to be hit and will probably disappear. The facts are that most family estates are going to be much better off under the new legislation than they were under the old provisions.

I was frankly amazed at the argument presented by the Leader of the Opposition (Mr. Stanfield) in relation to this measure. It is a complex problem. He had a very simple

[Mr. Schumacher.]

solution—throw the thing out. Why? Well, there has been a lot of confusion, a lot of misunderstanding. What does that prove? That proves it was really a half-baked idea. Really, I do not think that proves it was a half-baked idea.

• (9:40 p.m.)

If the government were unprepared to listen to reason he would be the first to complain that they were rigid, that they were stonewalling or that they were arrogant. When the Minister of Finance is prepared to accept reasonable suggestions from people on whatever side of the house he says, "Ah, that proves it was a half-baked idea". He says, "Let us talk straight; let us not have any confusion". Well, let us not have any confusion. Let us talk straight about where he stands on this issue. He says "Throw it out". What does he want to throw out? Does he want to throw out the five year payment principle? Does he want to throw out the fact that wives will receive tax-free inheritances? Does he want to throw out the fact that wives will be able to receive gifts tax free? Does he want to throw out the fact that the gift tax exemption has been effectively nearly doubled? I ask what is it that the hon. Leader of the Opposition (Mr. Stanfield) wants to throw out.

When we get to the hon. member for Crowfoot (Mr. Horner) then the confusion becomes compounded. What does he say? He said that the Minister of Finance says the burden is not too great. Then, this member says "But let us talk to the farm leaders". Let us do more than talk to the farm leaders; let us have a look at the facts. The fact is that the new proposals do not, on an over-all view, reduce exemptions on estates. What they do is provide advantages to estates involving families with children in comparison to those involving families without children. That is because there is a new exemption. Perhaps the Leader of the Opposition wants that thrown out too. There is a new exemption of \$10,000 for each child no matter what his age is. It is true that the basic exemption has been lowered from \$40,000 to \$20,000, but the total exemptions will slide upwards depending on the number of children in the family.

We should really keep in mind that these exemptions in many cases apply twice. That is to say, the exemptions will apply at first on the half of the estate going to the children and they will apply again on the half of the estate which is provided to the wife when it