

Mr. Knowles: A buck is not 'a buck is a buck is a buck' any more.

Mr. Rae: It depends on what your buck is and where it comes from.

However, Mr. Speaker, the government has produced its discussion paper. It has not discussed it. I have not seen a statement from the minister, nor have I seen one indication from him as to what his point of view is on the question of taxation of capital gains in Canada. But they have produced a discussion paper. I have not heard anyone discuss it. I have not heard anyone present a point of view about it. I have not heard the minister say, "I would like to see this referred to the Standing Committee on Finance, Trade and Economic Affairs." But the paper has been produced and it does say some very interesting and useful things.

First of all, the paper says that of all countries in the OECD, Canada is tied with Italy for the lowest level of taxes on inheritance, gifts and wealth—.07 per cent of our gross national product. That is really squeezing the rich until you can hear the pipsqueaks. The United States taxes six times that much. As a percentage of the GNP, the United States receives almost six times as much in taxes from inheritances, gifts and wealth.

That is the Valhalla of the Conservative party. In the nineteenth century they were the colonialists from Great Britain. Everything was right in Great Britain and nothing was right in Canada. Now everything is great in the United States and nothing is right in Canada. Switzerland taxes at 1.09 per cent. I always thought Switzerland was a kind of haven for wealthy people. Not at all. You can see how the mythology is so wrong.

Listen to this remark from the discussion paper. Occasional civil servants let themselves go in these reports. Here is one statement:

Canada's extreme position may already be a cause of concern to the extent that it restricts the government's ability to promote a fair and equitable distribution of income and wealth in the country.

As the member for Regina West (Mr. Benjamin) just said, "Exactly". Amen. What can we say? If you do not collect it from the rich, you must collect it from someone else. We hear a great deal from the government about its being strapped for money and that there is a fiscal imbalance. I have spoken about this before in the House and I will not give a speech on it again tonight. There is a real imbalance in Canada. Why is it as significant as it is? One of the reasons is because this government has decided that the wealthy in Canada, and those people whose only achievement in life is to have chosen their parents wisely, will not be taxed. They will not be taxed in Canada as they are in every other country in the OECD—not just socialist Sweden or horrible Great Britain, but also in the wild and woolly United States.

● (1550)

We do not even have the same taxes as the state of Utah. The only state in the U.S. which does not have a succession

Income Tax Act

duty and tax on wealth is the state of Nevada. There they have a Las Vegas philosophy, which seems to have been taken up by the Government of Canada as a taxing philosophy. The actions of this Liberal government surpass arrogance. It comes to the people of Canada one year after the brief Tory hiccup, and says, "Look, we face these tremendous problems. We don't have a tax base. We have a tremendous crisis in our fiscal imbalance with the provinces. We are facing terrific problems because of inequity in the taxation of oil and gas. There is a horrific deficit with which we have to deal. There is the fact that we are not dealing with other taxation problems and the country is in a tremendous fiscal problem. The public expenditures have run away and we must do everything we can to control them. We must cut back".

All one can ask is, "Who was running the store"? Where are they now? There are those who are here in another form, such as the hon. member for Sarnia, like life after death. Some of them have passed on to other places, jobs, commissions and royal commissions and the senates in the sky. However, some are still here, and they are the ones who are responsible. In 1972 the Liberal government, under the current Prime Minister, decided that it would abandon the field of wealth taxation, taxation on inheritance or estate tax. Since the elimination of the estate tax in 1971, it has had the effect of a lump sum transfer of \$4.5 billion to Canada's wealthiest citizens.

In that year, for example, it was estimated that approximately \$66 billion in wealth was being freed of any tax burden whatsoever and that the cost to the treasury in future taxes would amount to some \$12.5 billion. Current estimates of wealth can only be approximated since it is hidden behind a statistical curtain, but we do know that personal income has increased by over three times and that personal savings have increased by over six and a half times since 1970. We also know that the concentration of wealth has increased dramatically since that year. In 1970, a grand total of 5,893 Canadian domicile estates were subject to a federal estate tax. These few estates had total assets of \$1 billion, \$210 million of which was contained in the 90 estates of millionaires which were reported in that year.

The point is that we cannot continue with a series of minor income tax proposals which fiddle here and fiddle there without recognizing that we face a major crisis, what I call a "crisis of fairness", in our tax system. I think of the people in my riding who receive their pay packet every two weeks and know exactly from where the taxes come. They see it every two weeks. They do not receive any fancy deductions, because they are employees and receive wages. They have none of the whole range of deductions which are open to those people who are self-employed, those who are able to turn themselves, as if by magic, into a personal corporation or those who are able to use a marvellous invention called the *inter vivos* trust in order to split family income.

As long as the government is prepared to say that there is a whole realm of wealth which can be transferred from one generation to the next without taxation, it will be those people whose taxes will continuously rise and whose purchasing power