

*Proceedings on Adjournment Motion*

**Mr. Knowles (Winnipeg North Centre):** That should be "1972."

**Mr. Rowland:** Yes, 1972. If a vast jungle is not to be created in the field of succession duties and gift taxes, then the federal government must agree to this eminently reasonable request on the part of the provincial governments for a one-year suspension in the proclamation of that portion of Bill C-259 which provides for the complete withdrawal of the federal government from the imposition of estate and gift taxes.

The provinces need time to consult, if there is to be any uniformity in their approach to the problem. Surely even a complete cretin can see the need for a large measure of uniformity in the area of taxation. If the rich provinces, for example, were to decide that they do not need that revenue and therefore they will not impose any gift taxes, what would happen to the poor provinces? In Manitoba, the revenue gained from gift and estate taxes is equal to a 1 per cent surcharge in income tax. Where are you to find that kind of revenue?

If the richer provinces decide not to impose estate taxes because there is not enough time to get the legislation through, the poor provinces must follow suit and further narrow an already too narrow tax base. This is a completely backward step that the federal government has taken. It should never have abandoned the field of estate and gift taxes. Indeed, it should never have contemplated that step. One of the major purposes of a proper system of taxation is to equitably redistribute the wealth of society. Estate taxes and gift taxes are one of the best means of so doing.

Why should a person receive an immense boost over his neighbours simply because, for example, he was fortunate enough to be born into a family having a rich uncle? If a man has worked hard and used his ingenuity and initiative to accumulate wealth beyond that possessed by his neighbours, I can understand the desire on the part of society to let him keep it. However, if he has done absolutely nothing to warrant more wealth than his neighbours, other than being born into a family with wealth to pass on, I fail to see why society should not get a cut, given the fact that no man, no matter how hard working or how ingenious, succeeds without relying in some degree upon the services provided by society.

Abandoning estate and gift taxes is, as I have said on a number of occasions, a retrograde step. Not allowing provinces time to avoid the potential confusion resulting from an attempt to impose estate and gift taxes on their own, without consultation with one another, is absolutely criminal. I ask the members of this House to remember that eight out of ten premiers requested the one year's delay. These premiers represent every major political philosophy in this country.

I am astounded by the degree of arrogance—I realize that "arrogance" is an overworked word in this House but it is the only way to describe this cavalier rejection of a request by eight out of ten premiers—and stupidity required to deny that request. It will not make one iota of difference to the government's budget if it delays the imposition of that portion of the bill for one year, because it represents an abandonment of revenue and not a source

of revenue. It creates no problem whatsoever with the budget. If the government cannot see logic, why not be gracious and accede to the provincial governments' request which is absolutely reasonable and necessary?

**Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, on September 22, 1971, the Prime Minister (Mr. Trudeau) wrote the chairman of the premiers' conference reaffirming the federal government's decision to repeal federal estate and gift taxes effective January 1, 1972. The federal government has no intention of continuing this form of taxation when capital gains are included in the tax base as provided in the June 18 budget.

The federal government is, nevertheless, prepared to afford technical and administrative assistance to provinces wishing to enter these fields. This offer of assistance was communicated to provincial finance ministers by the Minister of Finance (Mr. Benson) on October 14 and expresses our willingness to administer a succession duty imposed by any province that is not presently levying succession duties, that is, provinces that do not themselves have the staff and facilities to administer such a duty.

The offer is contingent upon the following conditions being met: One, at least four provinces must enter into the agreements; two, each participating province would enact a model act providing that the base of the succession duty would be the same; three, some degree of uniformity of rates would be provided under the model acts having regard to the rates now in effect in those provinces imposing their own succession duties; four, that administrative procedures be reasonable in terms of the rights of taxpayers; five, it would be clear that the federal government's role is purely administrative and the presentation to the public would make clear that it is a provincial, not a federal tax. There are a number of other conditions, including provision for a reasonable administration fee and a three-year term of agreement.

A similar offer has been made in connection with the gift tax, with the proviso that the minimum of four provinces participating be provinces that have entered into the collection agreements for succession duties. Officials of the federal and provincial finance departments concerned will be meeting very soon to discuss the offer. With regard to the matter of time, the government does not anticipate that the House will take an undue time to pass Bill C-259 in view of the numerous benefits to Canadian taxpayers and the economy which are embodied in it.

• (10:20 p.m.)

Most provinces are expected to adapt their own income tax systems to the federal system. We hope the House and the other place will soon pass Bill C-259 into law so that the provincial legislatures can meet and at least receive budget speeches from their governments before the end of the year.

**Mr. Rowlands:** We can't do that.

**Mr. Knowles (Winnipeg North Centre):** How can a grown man be so childish?