

Income Tax Act and Estate Tax Act

it may well be that the criticisms I will be making will be based on a misinterpretation. If the minister is able to refute these specific criticisms, then we may find ourselves able to support the bill. I hope the minister will be in a position to turn aside what I consider to be some glaring inconsistencies in his proposed estate tax legislation.

I have been intrigued with the Minister of Finance (Mr. Benson) for some time, and I have taken the trouble to look up a number of his old speeches. One speech in particular which I found very interesting was delivered on January 16 to the London West Liberal Association. Surely, the minister recalls this speech very well. After reading this speech, one comes quickly to the conclusion that the minister feels he has been unjustly attacked in respect of estate tax legislation. He went back into history and referred to some rather surprising historical names to support his conclusion. The minister made reference to Julius Augustus, Plato and one or two others. What did the minister say in his speech to the London West Liberal Association? He said it was a solemn obligation on the part of the state to take pains to avoid scheduling taxation which results in extreme wealth on the one hand and poverty on the other. That is a very commendable attitude on the part of the Minister of Finance in our time. One can have no quarrels with that, but I should hope the minister would be a little more successful in translating his high ideals into a form of reality in respect of tax measures.

The minister has failed in certain respects in this bill before us to introduce or maintain equality in the proposed rates of taxation. The minister must be well aware that if there was some consolidated opposition to the proposed changes in estate tax rates it was first of all because he lately proposed to reduce drastically certain exemptions. These reductions would have had the effect of making estates of a rather modest size subject to taxation. He has since conceded that it is necessary, perhaps as a result of representations or pressures, to exempt estates under \$50,000 from taxation. Unfortunately, the minister has not followed that idea of making estates under \$50,000 exempt in the true sense of the word. While estates of \$50,000 or less will not be subject to tax after this latest modification, the minister has distorted if not destroyed any inherent exemption in respect of estates over \$50,000 and up to \$80,000.

When looking at the tables supplied by the minister, one sees a grave distortion because

[Mr. Schreyer.]

of the lack of progressiveness in respect of taxes levied on estates of \$55,000, \$60,000, \$65,000, \$70,000 and \$85,000. I intend to put on the record in a few minutes some figures to show just what the marginal rate and the effective rate of taxation will be on these smaller estates; those over \$50,000 but under \$100,000.

I do not want to be too critical of the minister in a general way because I do not feel he deserves some of the exaggerated criticisms levelled at him in recent weeks. Perhaps some of the criticism has occurred in this house, but certainly the most abusive and exaggerated criticism has been levelled outside this house. I do not think it is fair to refer to the minister by the nickname "Red Benson". I do not think that is very fair to the Minister of Finance, particularly in view of his rather idealistic notions in respect of taxation. In any event, he is certainly not putting those idealistic notions into effect. He is not proposing anything in this legislation that borders on confiscation.

Perhaps it would be of interest to note a particular passage which the minister quoted from the report of the Ontario committee on taxation which was tabled several months ago. Let me cite the minister's quotation:

Though differences in wealth will always be with us, extremes of affluence and poverty must be prevented in the interests of a stable society. While other arguments may have been added in the theoretical support of equalitarianism, there is a continuing validity to Plato's warning that the state should avoid riches and poverty—"for the one produces luxury and idleness and revolution, the other revolution and meanness and villainy besides".

I support and agree completely with this idea. That is to say, an extreme of riches produces luxury and idleness and revolution while the other produces revolution, meanness and villainy. The report then states:

A reasonable tax and wealth is one way of ensuring a proper balance between these two objectives; capital accumulation and control of extremes of wealth.

Having that in mind, and a proper review of taxation in the modern state, one would have hoped the minister might have been a little more careful in setting up estate tax rates. Let me point specifically to a very bad feature or effect of the new estate tax changes. Let us take for example an estate that is left outright to a widow and which, on her death, is divided equally amongst her adult children. In the case of a \$60,000 estate, under the new proposal the estate will pay more in estate taxes. In the case of an \$80,000