

Income Tax Act and Estate Tax Act

his family. The hon. member for Provencher spoke about planning estate tax payments, and so on. He made some comments which I think are very interesting. I would like to quote one of them:

No matter how you slice it, it ends up as a tax bait to the federal government.

That sounds a little paradoxical when compared with the general tenor of the hon. member's speech, but that is one of his statements. The hon. member for Coast Chilcotin (Mr. St. Pierre) spoke like a Conservative for most of his speech except for the last portion, and I should like to quote some parts of it. He said at one stage:

I now wish to speak about the new estate tax being applied to a \$100,000 estate. I wish to take the case in which the tax bears most heavily, the case where the estate is left outright by a widower to one son, and not to two or three. Under the present law that son will pay \$10,200 in estate tax. Under the proposed law he would pay \$13,200, an increase of \$3,000, which is considerable and which threatens the existence of the family farm.

Government members should take this into account. The hon. member for Coast Chilcotin also said:

It seems the state not only has the right to impose estate taxes, but in my opinion it has a duty. The alternative is very clear. Unless estate taxes are used to prevent the pyramiding of family wealth, then it must follow we are going to move increasingly into a hereditary aristocracy of wealth in this country. It will not be basically from a titled aristocracy. It will gain power in the nation's political affairs by virtue of birth rather than by virtue of individual worth. I am convinced that this or any other form of class system is bad for Canada.

I disagree that keeping a certain amount of an estate in the family is bad for the family. I think it is in fact good for Canada. I suggest that the minister reconsider some of his proposals in this vein. I believe that more consideration should and must be given to farmers' sons and daughters and to the sons and daughters of small businessmen, because in most cases they have spent many years working hand in hand with their parents building up the family farm and should therefore be entitled to a better deal than seems to be in the making at the present time.

Mr. A. D. Hales (Wellington): Mr. Speaker, I do not wish to belabour the debate but there are a few things I would like to say in connection with the proposed changes to the Estate Tax Act. The first thing I would like to say is that I am very surprised at the lack of judgment and foresight displayed by the [Mr. Yewchuk.]

Minister of Finance (Mr. Benson). Surely a minister of his experience and background, a man who has been an accountant and auditor, should have foreseen the uproar that these tax changes would bring about. He should also have appreciated the need for precision and certainly in our tax laws. I cannot for the life of me understand how he made such a blunder in setting forth these proposed changes to the act.

I congratulate the minister, though, for one or two things in this bill. I may be a little selfish in my first congratulation to him. In December of 1963, about six years ago, I introduced in this house a private member's resolution suggesting that the Liberal government of the day take note of the situation whereby succession duties were payable within six months from the time of death. In the odd case they did give, at the discretion of the minister, an extension for the payment of these duties, but they were very rare. Succession duties had to be paid in cash within six months. I recommended at that time that the period should be extended and the normal rate of interest charged. I am glad to see that what I suggested is incorporated in the proposed legislation.

I remember so well giving the example at the time of a farmer who died without leaving a will and, very unfortunately, six months later his wife died without leaving a will. The farmer had two sons who were working with him on the farm. They had a first-class herd of purebred cattle. When the mother died, succession duties were payable in six months, not in the form of cattle, land or buildings but in cash. They did not have the cash. What did they do? They had no alternative but to call an auction sale, and their cattle were sold under the hammer to raise the money with which to pay the succession duties. Years of careful work on the part of the father and sons in raising this herd were lost because the succession duties had to be paid quickly. This has now been changed. The minister has suggested a period of six years and I congratulate him on this proposal, though it does not remove the problem of meeting succession duties which will still have to be paid eventually.

• (5:30 p.m.)

I think I would be remiss if I did not comment on some of the observations made last night by the hon. member for Provencher (Mr. Smerchanski). He said, among other things, that we on this side of the house had not done our homework. He also complained