

used, would help many people settle their estates in a much more effective manner. The result would be less taxes paid. I am not sure that this is a responsibility of government, but since the government does thereby collect a greater amount of money than it might otherwise collect, it acts unfairly in situations which are the result of a misunderstanding or lack of knowledge of the law. In view of this fact, I think the government should bear some responsibility.

If one of my constituents does not understand this particular measure and has not planned his estate accordingly, I as a member of parliament, explain it to him. If I did not do so I would feel I had neglected my responsibility. Some time ago I was invited to attend a meeting in the country to explain this particular legislation to the people of the area. I accepted the invitation, but in the meantime the Minister of Finance changed the base rate from \$20,000 to \$50,000. I am glad I did not attend that meeting. If this legislation is passed in its present form, I may attend such a meeting at a future date.

Let me come back to my original point. We, on this side of the house, feel there is more doubt or confusion as to the effective tax rate for the lower schedule than for the higher schedule. This was referred to by the hon. member for Selkirk. Perhaps the Minister of Finance could clarify this situation. If we are wrong in this idea we will be glad to admit it. If the Minister of Finance has a different view, we should like to see a printed statement clarifying this situation.

**Mr. Cliff Downey (Battle River):** Mr. Speaker, it is not my intention to speak at any length this evening on the estate tax bill. If the Minister of Finance (Mr. Benson) has taken the trouble to read the mail which has poured into his office during the past weeks from businessmen and farmers across the nation he must be aware of the situation, and nothing I could say at this point would be of great assistance. Some hope was held out briefly a while ago when the minister announced the \$50,000 exemption, but when we read the fine print we discovered that by the time an estate reaches \$75,000 we are considering a \$20,000 exemption.

At this time I think I can be of no more service than to read several excerpts from some of the local papers in my area which reflect the opinion of people out that way. Let

### *Income Tax Act and Estate Tax Act*

me quote from the *Wainwright Star-Chronicle* as follows:

It doesn't take much of a farm these days to be worth \$100,000, including everything. And those who operate this size of a farm are having a hard time to keep going. Thousands of them at this very moment are finding every cent of income is committed to paying bills—and there never seems to be enough to pay them all.

● (8:50 p.m.)

A cash reserve is non-existent under these circumstances.

Almost three quarters of Canada's farmers have a taxable income of less than \$4,000 a year; one in four has a taxable income between \$4,000 and \$10,000. Not much opportunity to build up cash reserves there, especially in the last few years. Yet the heirs of the farmer who leaves a farm valued at \$100,000 must raise \$17,400 to pay the estate tax on it. The same applies to many other types of small business enterprises, whose operators have a lot of money tied up in the enterprise, but have little ready cash and low net earnings.

If the farm is valued at \$200,000—again not an unusually high figure these days—the heirs would have to raise \$51,000 to pay the tax.

It is almost incredible that the government that has had so much to say about the "Just Society" should introduce such punitive legislation. It seems to us there could be no quicker way to destroy the family farm, and to hasten the day when land resources will be controlled by huge corporations.

The following is another excerpt from another prairie publication which reads:

It seems strange to me that in these times when so much emphasis is being put on maintaining family farms and family units both by the government and farm organizations that we would be faced with such a bill as the new estate tax proposal. We seem to be trying to make the tail wag the dog and this never works for very long. It looks like a pretty short term outlook to me. Commercial agriculture just can't stand estate taxes; farmers and ranchers have been having enough of a struggle as it is to keep in business and the proposed tax would mean every generation would have to start all over again and everyone knows this is impossible in agriculture. It isn't an in-and-outers game but a business that takes years to build. If you can't turn your business over to your heirs there really isn't much point in having a business at all. If the proposed bill is approved by Parliament a guy with a ranch might as well sell out rather than try to build an outfit to pass along to his sons because it looks to me like he will just be putting them in debt for the rest of their lives and when and if they do ever own the thing they won't be able to pass it on to their sons anyway. Just looking at the thing from a farmer's viewpoint it seems to me some very careful thought and consideration better be put into this estate tax bill before they ever consider approving it. This can do more harm to agriculture than anything I know of. Agriculture has to have continuity and this idea of a double taxation surely is the wrong approach.

In the past, the people of Canada have been led to believe that the Liberal party of