tax, and we are moving to the estate tax practice which, as the minister says, is the form of taxation in death duties in the United Kingdom and in the United States.

However, I think we should have a full realization of the principles behind succession duty taxation on the beneficiaries. I would say that they are fixed under this principle probably on three bases. Firstly they vary according to the total duty value of the estate. Secondly they vary according to the value of the property passing to each beneficiary. Thirdly, there is variation depending upon the closeness of the relationship of the beneficiary to the decedent. Bill No. 248, which was given first reading on January 28, indicates that henceforth it is proposed that we shall take no account of the manner in which a person disposes of his wealth on death. Somebody might raise the question, why do we have death duties? It is true that in comparison with our total revenues, these receipts from our present succession duty act do not loom large. In the present budget I think the minister estimates revenues of about $65 million out of total revenues of $4,660 million. But I think the basic philosophy was very well stated in a recent bulletin of the tax foundation, when they said:

> In countries like the United Kingdom and Canada where capital gains are not taxed, a system of death taxation ensures as well that the capital gains of a lifetime eventually make some contribution to the society that has helped to create them.

The foundation memo said also there is another merit in it in that a final reckoning of a person's lifetime earnings and savings brings to account tax dodgers who may have accumulated a certain amount of capital by evading their proper income tax liabilities during their lifetime. I think the minister would agree that this particular statute is helpful in that regard. But we must look at some of the other problems that are involved when we make a radical change such as that which is proposed. It may be that some of these can be described as merely transitional. There are certain practical difficulties. There may be a necessity on the part of many people to look carefully upon their present wills and many may feel obliged to revise them. It may mean that the experts in the legal and accounting studies in this field will find that their experiences are fairly well knocked into a cocked hat by reason of a new principle.

Then I think we must look carefully upon the peculiar situation that exists in the province of Quebec. In that province and in the province of Ontario the governments impose and collect their own succession duties. I am no expert in this field, of course, and I expect that some of my colleagues from Quebec will speak on this point when the bill is presented and is before the house for debate on second reading; but I understand that in Quebec there is no court which will appoint an administrator, as would be the case in Ontario or other provinces, if the deceased has not done so. There is no court of probate there to which to apply as there is in Ontario and the other provinces.

Then I think we must concern ourselves with the question of whether or not there is merit in changing our form of death duty taxation without assurance that it has approval in principle by the two large provinces of Canada, which are the only ones that impose their own death duties.

Then when one relates estates tax to succession duty there is always the question raised as to whether or not we should, in favour of simplicity, allow certain elements of equity to be outweighed, based of course on the closeness of relationship to the deceased of the beneficiaries and also the question of ability to pay. Simplicity is emphasized always with respect to an estate tax. The minister placed that emphasis when he indicated that the tax principle was to be changed. I read that one of his principal advisers, whom both of us have complimented for his long service in the Department of Finance, had something to say on this matter. I refer to Dr. Eaton, who is about to leave the department. I noted that Dr. Eaton had an interesting comment to make with respect to this matter when he addressed a meeting of professionals in the field, namely lawyers and accountants. Dr. Eaton said this:

> There are an infinite variety of settlements in the form of life interests with highly imaginative contingencies involving the government in calculating the mathematical probability of a wife remarrying and the odds that she will have children.

This, of course, involves the administration in a fair amount of difficulty. I note that under the bill as advanced last January we would have from now on one rate schedule instead of five. This indicates that there is certainly a direction toward simplicity. But I think the minister himself will agree that, particularly in the province of Quebec, we are still not going to remove ourselves, in administration or otherwise, from special circumstances that will still need the assessment or guessing just what the value would be of certain contingent interests.

When the minister spoke with respect to the forthcoming bill on December 6, 1957, as reported at page 2008 of *Hansard*, he said this:

> —I point out that in every tax bracket the tax payable under the new law will be less than under the present Succession Duty Act.