that there is no federal estate tax; but every province, bar one, has either a succession duty or estate tax, or intends to impose one. The matter of whether there should be such impositions is being discussed at another place in this city at this very time. Because there is no offsetting credit, the Canadian taxpayer in that position will be paying additional tax. Why should he pay additional tax? Is it because big brother government is better qualified to spend the money and requires the money? Is that why? We want to know about this. I know that our friends on my left think that by directing the spending of money, they can spend it to much better advantage than the private individual. Oh, yes.

Mr. Peters: At least we will be sure how the money will be spent.

Mr. Lambert (Edmonton West): That is all right; but the hon. member must then admit that he is foolish on occasions in spending his own money, and that he cannot make good decisions.

Mr. Peters: Not at all.

Mr. Lambert (Edmonton West): That is so; we all admit that we do not always make good decisions, but we do not say that somebody else should be able to tell us how to spend our money on all occasions. Nobody suggests that except members of the NDP.

I wish to raise a question which will be argued at greater length by some of my colleagues and by myself when we discuss this matter further. In view of the international situation, the complexity of the corporate side of income tax and the fact that the question of capital gains is involved in this, and in view of the complicated provisions with regard to international income which also involve income tax and the fact that the provinces have demanded a deferral of the implementation of a goodly portion of this bill, I wonder whether the question of the imposition of a capital gains tax should not be deferred as well. That is one position. That matter will be argued and examined.

At present, because of the time limitation at this particular stage of the debate and because I wish to bring forward an amendment, I will turn immediately to a quick review of those proposals in the white paper dealing with capital gains and see how the present proposals stack up against them. First, Mr. Chairman, you will recall that capital gains were to be included 100 per cent in income, at marginal rates, and, second, any gains could be offset by losses on capital only. Third, there was to be a valuation day. The only value to apply was the value on that day, except in the case of government bonds. In that case a sort of recapture on loss was allowed. Fourth, principal residences were to be subject to a capital gains levy, with certain periodic allowances. Fifth, and here I refer to one of the more emotional and controversial proposals which lots of hon. members seem to have forgotten, there was to be a provision with regard to a deemed realization, effective every five years, on shares of widely held corporations. This was one of the most misunderstood provisions and was certainly one that raised lots of "spooks" among the Canadian public. There was to be a capital gains tax on personal property that was quite restrictive.

What is the new proposal? I do not have time to read what was said in the Report of the Standing Committee on Finance, Trade and Economic Affairs. I will do that at some time in the future. First of all, we have half the capital gains and half the capital losses being considered at marginal rates. This means that the maximum rate will be about 30½ per cent. This is calculated on the basis of the maximum average federal and provincial rate being 61.1. In Manitoba, Alberta and some other provinces it is higher, but in Ontario and Prince Edward Island the rate is 61.1. This means the capital gain would be taxed at 30.5 per cent; in other words, half the capital gain at the marginal rate of 61 per cent. This is approximately the equivalent or perhaps a little less than the United States rate.

• (3:20 p.m.)

The second matter is gains versus losses. If there are insufficient losses to offset the gains, there are two ways of dealing with the matter. The first is by the purchase of a forward annuity, and the second is the write-off of accumulated or unaccounted for surpluses at $1,000 per year against income with no time limitation. The exception, of course, is listed personal property which comes under other rules that are not germane at the moment. The purpose of valuation day is to create an option under which you may use that valuation only or, second, market cost, whichever is higher, in calculating capital gains or market, cost if it is lower, in calculating losses. If one has opted for the option of valuation day, frankly there can be areas which may call for some retroactivity. We will examine that later.

Taxation of capital gains on the principal residence has been abandoned, except under certain circumstances. There is an abandonment on the deemed realization of widely held shares. That concept is gone.

Last is the matter of personal property. There was a welcome increase in minimum sale value to $1,000 per unit. There are some particular circumstances that limit averaging. It is unfortunate that the act does not cover this one area, although there have been many representations with regard to farm lands. It will not be news to the committee that I will advance an amendment with regard to this, and it will be consistent with the amendment I put forward for the consideration of the finance committee. It was voted down by the government majority. Many of my colleagues are going to expand on the point that there should not be any capital gains tax on the disposition of farmlands for bona fide farming purposes. Whether it is by sale, a gift from husband to wife or father to son or by way of a legacy, we should not impose on farmers a penalty for efficiency or good husbandry, a penalty which will serve to drive them out of business or break up the farm. This is the point. It is so easy. We have seen many ways of driving people out of business, including farmers, such as imposing taxes at the time of death. I want to talk later about estate taxes. There is a capital gains tax at the time of death because it is a disposition with a deemed realization. Even though there are some minor provisions in the act that we are trying to alleviate, it seems to us that this is quite wrong.

Agriculture is in a tough enough position as it is. It is a most difficult position. May I say in passing that the $1,000