

Income Tax Act and Estate Tax Act

far as farmers and private businessmen were concerned, and that it should be corrected. They have been unable to convince the federal government that it should change its policy in this regard, but they have moved to take care of this matter as far as the province is able to do so within the limitations of federal estate tax policy. This is why the province of Saskatchewan is now going to do the same thing.

Another aspect of the benefits that have accrued from this type of policy, as I have observed them, is that there is a greater incentive to put the savings and capital of Canadians to work in Canada. I am reminded of the fact—I mentioned this to some of my friends to my left and some of those in the government—that the total savings of the Canadian people in 1968 amounted to approximately \$1,300 million. Out of those total savings over \$600 million went to the United States alone in the form of U.S. stocks and bonds. In addition, a great deal of the remainder went out of the country altogether.

If I interpret correctly what is going to happen as a result of the estate tax bill that is before us now, more Canadian capital will be driven out of the country. One of our greatest needs today is capital. There may come a day when the estate tax policy will have to be changed, when greater heed will have to be paid to making sure that untaxed or undertaxed capital is taxed more effectively than it has been. But I do not think that day has yet come. In fact, I do not think we can afford this kind of taxation policy. We need desperately to convince the Canadian people that their savings should be reinvested in the development of Canadian resources.

It is difficult for the economy in a country such as Canada to generate enough capital to develop our resources adequately at a pace that will keep up with trade and developing economies across the world. Why further weaken our position by bringing in tax policies that drive capital out of Canada instead of encouraging capital investment in this country? As I say, this is one of the great dangers of this type of taxation policy, over and above whatever effect it may have upon family farms and family businesses. It discourages incentive on the one hand, and the retention of capital in Canada for investment purposes on the other hand. I am not the only one who holds this view; authorities all across the country who are specialists in the taxation field are saying this. The only thing is that the minister does not seem to hear.

May I summarize briefly my opposition to this tax bill under a number of logical headings. First of all, I believe it discriminates against family enterprises, be they agricultural or business.

Second, I believe that the rate of taxation provided for in this measure is discriminatory. I believe that it affects those who can least afford to pay and it lets off those who are better able to pay, those who have a lesser load.

I also believe it discourages incentive. It discourages the head of the family from trying to build a family enterprise, be it farm or business. I believe that it discourages incentive even for those on a higher level of income so far as developing our resources, commerce and trade are concerned. I believe it will be detrimental to our own capital needs in that it will drive capital out of this country into foreign investment portfolios.

There may be other reasons for my opposition to this measure but these are the most important. I urge the minister and the members of the government, some of whom have painted this measure as a great step forward in the development of an equitable tax policy, to think about these things. They are only looking at one side of the picture. Hon. members on the government side will suffer as much as hon. members on the opposition side if the present measure is adopted.

• (4:30 p.m.)

On behalf of the people of my riding and of Canada I urge the government to put no impediment in the way of those who wish to prosper. It is important that enterprises in this country be successful and those undertaking enterprises ought to be encouraged and not discouraged in their endeavours. The government ought to adopt tax policies that will help this nation to grow and become what we wish it to become.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise reluctantly to take part in this debate since, under the new rules, any debate seems superfluous. I think all hon. members know what an hon. member of the Liberal party confessed in a letter read in the house earlier. Government supporters have been instructed to go to committees and, no matter what is in a bill, to take the pill, so to speak.

Some hon. Members: Shame.

Mr. Woolliams: Government supporters are told to introduce no changes to bills. If