

*Income Tax Act*

I will say that in 1968 the Canadian economy encountered another major setback through the adoption by this chamber of a new estate tax act, a measure as punitive and as depressing as could ever be devised. The net result is that after three years the government has finally realized it must get rid of that legislation. Thus, we have before us a proposal that the Estate Tax Act and gift tax provisions shall expire as of December 31, 1971. Well, to this extent I suppose one can give a mild hurrah. But it will be only a mild cheer because, as in the old shell game, there has been a great deal more change in appearance than there has been in substance. I say this because there has been a real sand trap or, shall I say, quicksand left in three of the major provinces. It is all very well for the minister to say we intend to get rid of the estate tax because, frankly, we only retained 25 per cent of it except in the case of the provinces of Quebec and Ontario which collect their own. That is precisely the point. The government is giving away nothing, yet it is imposing upon the people of Ontario, Quebec and British Columbia a capital gains tax in return for which there is no compensation whatsoever. This is part of the shell game which has been going on under these provisions. It really does not matter, I suppose, to a bona fide resident of Alberta who was paying 25 per cent estate tax, because in due course there was a 75 per cent refund—that portion which the federal government re-allotted to the province in about the third year after the death of the estate owner. This amount was passed back to the estate upon application. All right. So there is no estate tax and no refund. The Albertan says this is good. But he suddenly finds himself facing a capital gains tax, an additional tax.

With regard to the situation of the man in Ontario and in the Province of Quebec, may I say that admittedly there was a dovetailing of the two acts, the federal and the provincial. The estate tax gave credit for succession duty paid and, subject to some minor differences, it was in effect the same. Now, the federal government says: We are going to be good boys, and we intend to cancel the estate tax. But residents of Quebec, Ontario and British Columbia must still pay succession duty and in addition, as taxpayers, they are to be faced with a capital gains tax. What have they gained in consequence of this shell game? The net result is that a new capital gains tax has been added to their burdens. Let us consider this for precisely what it is. It is an additional tax, and the fact that estate tax has been removed means precisely nothing in the case of three provinces because succession duty will continue to be exacted.

It was a fateful day, that day in November, 1970, when the government white paper on taxation was unveiled for examination. They called it tax reform but no, it was not tax reform at all. It involved tax changes in connection with income tax. There was a great propaganda effort made, and I remember the debate was scheduled to begin on the Friday preceding the Grey Cup game. What the minister had to say as well as the Leader of the Opposition (Mr. Stanfield) and others who had criticisms, by then apparent, of the white paper was completely lost in the discharge of euphoria over the Grey Cup weekend.

[Mr. Lambert (Edmonton West).]

• (4:30 p.m.)

Then, we started the debate in December in this House, which lasted until December 19—in fact, I think it went on even longer than that—to refer the contents of the white paper to the finance committee. The Leader of the Opposition then went from one end of the country to the other on a blitz campaign to get people interested in what would happen to them if the government's proposals in the white paper were adopted. Though these were government proposals, they were known by the minister's own name. However, he has been a poor martyr. The proposals should have been known under the government's title.

In the result, of course, there was a big public uprising against the proposals. As a member of the finance committee, I can assure hon. members that there was wave upon wave of protest sent to the committee. I am not talking of the inarticulate protest which may sometimes arise from the natural reaction one has against paying taxes. No one likes to pay taxes. I am referring to intelligent, cogent criticisms. We were able to examine government officials and those who supported certain aspects of the proposals, such as integration and a number of the other, shall I say, rather sophisticated but unreal proposals that are made in the white paper.

I am sorry that on this occasion we are not going to have the opportunity of at least a limited examination of these protests. The Minister of National Revenue (Mr. Gray) has told us that representations have been received by the Minister of Finance (Mr. Benson) in regard to Bill C-259. Outside of the brief of the Canadian Bar Association, which has been discussed publicly, very little by way of criticism has reached the members of this House. We have had a fragmentary presentation of objections from certain categories of co-operative societies, but we have not seen what the Canadian Institute of Chartered Accountants has prepared, which I gather is a very telling document.

As I said on my previous argument on the point of order, this debate is bound to generate amendments of substance; otherwise the government is going to find this bill amending the Income Tax Act unworkable. This is why I intend to read extensive portions from the brief of the Canadian Bar Association which indicate just what is wrong in the approach taken to this bill.

As I have said, the Canadian economy has suffered a number of rebuffs, and it will continue to suffer rebuffs because of the uncertainty surrounding the tax changes. Mercifully, we may be getting to the end of this period of uncertainty, but why did this uncertainty arise? It was not because the members of the opposition or the Canadian public took a long time to convince the government that it was in error. It is now 22 months since the publication of the white paper, which frankly was like the government putting a fox among the chickens. Although schedule A to the June budget papers had the effect of calming people down, frankly some people had already made the decision not to invest and had taken their money out of the country. I am sure the Minister of National Revenue would be very interested to learn how many people have decided to take their money out of the country during the past year in light of the white paper proposals.