

Income Tax Act

enlightened comments from time to time. But I think that in this case, his lights seem to be rather dim.

I must say that faced with a loss of revenue which could amount to \$75 or \$100 million approximately, some provinces will have to manage without that.

The hon. member for Edmonton West spoke of the province of Quebec, and even attacked us to a certain extent asking us to be brave enough to speak on behalf of our province. I say it again: I am pleased to accept his challenge. I say to him that, if my memory serves me right, there was a Bélanger Commission on taxation. I believe the secretary of that commission was Mr. Robert Bourassa, an economist and lawyer. One of the main recommendations this commission made to the province was that is it should tax capital gains.

Now, basing myself on the report of the Bélanger Commission, whose secretary was Mr. Robert Bourassa who, fortunately for the province of Quebec and Canada as a whole, is now premier of that province, I am convinced that the income Quebec loses can easily be made up by a capital gains tax. I feel that in the near future the Quebec premier will also want to introduce a mini-budget or at least make a few proposals concerning a tax reform in Quebec, a reform which will, in particular, also consider taxing capital to recoup its losses as far as succession duties are concerned. I do not think, however, that those hypothetical expenses could be removed, as suggested by the hon. member for Edmonton West. I have perhaps some information sources which are not available to the hon. member. This can happen. As a result of a possible loss of revenue, namely the succession duties, in order to come to an agreement with the provinces which have not established succession duties and to discourage Canadians from moving to provinces where there are not any to die, I am convinced that the province of Quebec will closely consider that bill to increase its revenue by levying a capital gains tax.

What are the terms of such taxation? I do not know, but I think that our terms are satisfactory. However, it is unnecessary at the present time to discuss how capital gains will be taxed, because the matter has been eloquently stated by the hon. member for Edmonton West. However I think it is a very plausible solution, bearing in mind what has already happened in the province of Quebec.

I was listening very attentively, as usual, to my hon. friend from Edmonton West, who was speaking as though the bill had already been adopted. I am very happy about that. I believe, of course, that the bill will be adopted shortly. I am happy to see that he talks about it as if it were already law. It will come into force on January 1, 1972. I am very happy about this.

Mr. Lambert (Edmonton West): Yes, after resorting to closure!

[*English*]

Mr. Saltsman: Mr. Chairman, although many sections in this bill seemed to have been introduced in a fit of absent-mindedness and, sometimes, in a spirit of expediency on the part of the government, the particular section dealing with estate taxes seems to be introduced in a fit of pique. It seems that, the government became angry with the provinces because the provinces were not agreeing with

every suggestion the federal government was making and that it said to the provinces, "We are not getting much money out of estate taxes, the heck with it. Collect your own. We are out of it." I suggest that that was a most irresponsible act on the part of the federal government, particularly since in many areas of federal and provincial jurisdiction there is friction. We ought to make every effort to co-operate, and we should not bring about confrontations such as this particular section of the bill may do.

I listened to arguments about capital gains taxes versus estate taxes, and some hon. members spoke in a way that suggested you could trade off one tax against the other.

Mr. Horner: That is what the minister suggested.

Mr. Saltsman: I find it difficult to believe everything I hear. I do not know how much hon. members who suggest that one tax may be a trade-off against another know about taxation. How do they think taxes are raised? Do they think that you raise taxes from people who have no money, from the poor, or do you raise them according to ability to pay, and therefore from those who have sizeable incomes. There is no other way. One is not a substitute for the other.

• (4:50 p.m.)

The fallacy of the argument is suggested in another way. While it may be true that some estates do have capital appreciation and might be subject to capital gains in the course of the years as the estate progresses or even upon realization of death, many estates have no capital appreciation. The capital gains tax, therefore, does not apply to those estates and we have handed them a large bonus. They will not be paying a capital gains tax and now they will not pay an estate tax, either. This whole thing from any point of equity is incomprehensible to me. We have to ask why this section was introduced and why Parliament is being asked to abolish estate taxes.

Just a little while ago we made a number of changes in the legislation which I think went a good distance in meeting some of the representations about estate taxation in Canada. For instance, we exempted the widow or widower survivor from particular taxes. We enlarged the provisions to enable surviving children to be granted major exemptions, particularly minor children. It looked as if we were moving in the right direction in respect of estate taxation. Even with this legislation, there would be an absolute limit concerning the amount of money any estate would pay. In many cases, our estate tax legislation was far more lenient than that of most countries of the world. Why then has the government apparently thought it is necessary to abolish the estate tax completely, if not as a way to retaliate against the provinces and then say in a very piqued way that it will collect the money for them. This is a continuation of the system of taxation anarchy we had hoped to avoid.

Now, the government says that it is putting the provinces in a very difficult position and that if four of them agree maybe something can be worked out. We have a situation where the provinces are trying to get the federal government to find some method to assist them in the collection of estate taxes. While it is true that estate taxes do not represent a large proportion of the federal govern-