

Income Tax Act and Estate Tax Act

less from age one to age five. At age one I believe it starts out at \$35,000 and at age 25 it is reduced to \$25,000. It is in respect of the gift tax that they have really taken the bite. Under the old act you could make on \$4,000 gift or you had a means by which you could make a gift exempt from tax of half the difference between your total taxable income and your tax. For example, if your taxable income was \$35,000 and your income tax was \$12,000 the difference was \$23,000 and therefore you could make a gift of \$11,500. You could make a gift of \$11,500 if you earned \$35,000 in that year and your tax was on that basis. You could also make during your lifetime one gift of \$10,000. We know about the agreement between father and son. The father would sell the son the farm, the son would pay \$4,000 per year and there would be a gift of \$4,000. That is how they gifted away the homestead so that the son could obtain title to it and be able to operate it.

Today the ceiling on gifts is \$2,000 and they are cumulative. For example, if you have a \$300,000 estate when you die and have made gifts totalling \$125,000 you will pay a tax on a total estate of \$425,000. Then you work out the difference between a high and a low, whatever that means. Do not ask me to explain this because only God understands it now, but some experts will perhaps work it out. The gift tax is added to the estate so you pay a tax even on the gift tax. The minister shakes his head. I cannot tell you the name of the man who gave me this information, but he is the head of one of the trust companies in this land. If I am challenged I will give his name. I see my farm friend shake his head. He is an expert. I am not; I sought knowledge.

We all know that reasonable taxes must be paid but high progressive death taxes spell the death knell in respect of children inheriting enough money to develop the resources of this nation. What is the difference between this system and a socialistic state whether it exists in the U.S.S.R. or anywhere else in the world? I heard the leader of the N.D.P. say during the rules debate that there are two ways to arrive at a totalitarian state. One is by revolution—and they are even trying that in this country—and the other is by the subtle method. He mentioned that he met the Prime Minister at a political meeting a number of years ago and said that the Prime Minister is never at a loss for a word or leaves one out and does not intend to. He said

that he thought he was using the subtle method to take over this country. This is another method by which you take over farms. It is not the method used in Russia. It is done here by taxation.

• (5:10 p.m.)

I have two or three more comments to make. I was very impressed with the federal-provincial conference for this reason. The federal government has been implementing tax legislation in fields exclusively delegated to the provinces. We have observed federally implemented taxes in those fields as a way of changing the constitution without consent and without amendment to the constitution. I have not time to read the entire section, but section 92 of the British North America Act covers those things which fall within provincial jurisdiction, and medicare is one.

Perhaps I should not say that medicare falls exclusively within provincial jurisdiction, but this is one field in which the federal government has legislated. They gave the provinces the pill and then said, we will negotiate. The government suggested it would consult with the provinces only after they had the pill in their systems. In other words, you do not see the doctor first. You take the pill first and then see the doctor. That is co-operative federalism. That is what the government is doing when it legislates in provincial fields.

Some people ask, why should we care when 75 per cent of the money goes back to the provinces? The deputy premier of Saskatchewan, Mr. Steuart, said they did not want this kind of legislation. The federal government should stay out of provincial fields. The Prime Minister suggested that he wanted the nation to stay out of bedrooms. We want a strong central government, but if that government intends to survive it must stay out of provincial fields.

We must remember that in the long run it is the citizen who pays. He is the one who puts out from his pocket both for provincial and federal schemes. Consultation with the provinces after implementation is like giving the patient the disease first and supplying the pill and the water later.

The N.D.P. members make promises about the implementation of the Carter commission report in respect of farmers and businesses. They cannot see why anyone would object to this bill except that the voters might see through the bride's negligee. That is what might happen and they are frightened. Never was there such a deception—