

Income Tax Act and Estate Tax Act

estate taxes amounted to \$217 million. Answering the Leader of the Opposition (Mr. Stanfield) the other day, the minister said that as the result of exemptions spouses will benefit from, there will be a reduction in the amount of estate tax collected of \$45 million. I think that is correct, is it not?

Mr. Benson: Mr. Speaker, that is the total reduction for all governments.

Mr. Korchinski: The total amount of estate tax collected will be reduced from \$217 million to about \$170 million, on the basis of 1967 figures. Since the federal government retains only about 24 per cent of all estate taxes collected, it will benefit to the extent of between \$42 million and \$43 million. In other words, so far as the federal government is concerned, not too much money is involved. If the government were really concerned about the plight of the provinces, the Prime Minister (Mr. Trudeau) would not have made a statement at the federal-provincial conference to the effect that if the provinces want more money they should collect it themselves.

Some provinces have indicated they prefer not to collect estate taxes. Alberta has gone out of the business of collecting estate taxes and Saskatchewan has indicated that it, too, will go out of that business. The governments of those provinces consider it is important for wealth to accumulate in family farms or businesses. The few millions of dollars the federal government may lose in estate taxes that are not collected would soon be made up in the form of income taxes when these businesses prosper. I submit the government ought to increase the exemption level from \$50,000 to more than \$100,000. The hon. member for Coast Chilcotin (Mr. St. Pierre) last night said he favoured the \$100,000 figure. I support him in that.

If the figures that have been quoted are correct, I submit that the government will collect less than half the \$40 million odd it now collects from estates worth less than \$100,000. All the government has to do if it wishes to make up the difference is spend less on expensive art centres and on repairs to ships like the *Bonaventure*.

I submit that the government's deep seated reason for introducing this estate tax measure is to be found in the Prime Ministers' basic philosophy. We must understand the direction in which this country is heading; and in order to understand that we must understand the people who are formulating the philosophy and implementing the policies of this country.

On various occasions the Prime Minister has flirted with the socialists. It is no secret that he studied and, at times, was impressed with the communist ideology. I need say no more on that point except that this ideology may have been in the Prime Minister's mind when he allowed the Minister of Finance to introduce the type of budget that was last introduced. It was evident, surely, that by lowering the exemption floor under estate tax legislation to \$20,000, every property would be taxed and every property owner touched by the tax. An attempt was made to implement part of the Carter Commission report, or so it seems. Members of the N.D.P. blessed that attempt.

• (9:30 p.m.)

During the last election campaign members of the N.D.P. preached across this country that the Carter report was the greatest thing going and ought to be implemented in its entirety. I was therefore pleased last night to hear the hon. member for Saskatoon-Biggar (Mr. Gleave) change his tune. I imagine he did so because of letters written to him and others of his party protesting the estate tax. Members of the N.D.P. treated the Carter Commission report as a full fledged issue, particularly in urban areas. The N.D.P. went far and wide and uttered in every speech, "We have to soak the filthy rich. We must take the money away from those big corporations. There are bad cats and good cats. We have to get the bad ones." They convinced many people in the rural areas that implementation of the recommendations in the Carter Commission report would be important and necessary for their survival. Only then would they find their Utopia. An attempt was made last fall by the Minister of Finance to implement some of these recommendations. The "filthy rich" were not attacked and huge corporation profits were not suddenly drained. Instead, every householder, farmer and small businessman was affected.

The N.D.P. repeatedly urged acceptance of these proposals made in the Carter report. I want to quote from this report. It is important that Canadians should know that this is what the N.D.P. had urged. I quote from page 70, volume 3 of the report:

Gifts and inheritances obviously add to the economic power of the recipient. We therefore recommend that, with the major exception of transfers between members of a family unit and with a number of relatively minor exceptions, they should be treated as income for tax purposes.