

*Income Tax Act and Estate Tax Act*

with the law. I would also like to know where the provinces stand in this entire picture, particularly those provinces which before October 23, 1968, relied heavily upon estate tax revenues. The estate tax is punitive because in my opinion it indeed penalizes thrift. I think it is discriminatory. I believe it discriminates against family-owned enterprises as opposed to public companies. In fact it discriminates against all those companies which are wholly family-owned.

Much has been said in the last day or two of this debate about the table made available to us by the minister. I refer to the table of deductions on estates of certain value. It is strange that most speakers have referred to item 1 on the first page of the table. This item deals with estates left outright to the widow, and on her death equally amongst her adult children where the number of children is—and then the number of children is set out. It is true that in some cases the new tax is less than it is under the existing scheme. Nobody seems to take into account or give serious consideration to estates left in trust where the income is paid to the widow during her lifetime and the assets are divided equally amongst her children on her death. The figures for Ontario perhaps do not reveal that there are very many people in this position, but I am sure hon. members will find that in other parts of Canada a great many people come under the heading of item No. 3 of the minister table. There is a direct penalty for those people who have dealt in trusts.

I read with interest the submission made by Michael B. Jameson of McCarthy and McCarthy, Toronto. I think every member of this house has received a copy of it. This submission was made before changes were made to the estate tax legislation, but it contains a number of points that I think are worth considering. The document is a quick summary of Mr. Jameson's reaction to the legislation then proposed. His first point is:

No private executors will dare venture (into) the field of trusts, except on peril of his life, and tax.

His second point is:

One cannot really argue with the inclusion in the tax base of gift tax paid in respect of gifts which are themselves included in aggregate net value.

3. How will existing trusts be changed if they are taxable, or will they be exempted? Most are irrevocable and can the Variation of Trusts Act be used which all provinces do not have?

[Mr. Skoreyko.]

He says in point No. 4:

What about Alberta? Will all widows now retire there so their estates receive a 75 per cent credit or will Alberta be legislated against—since Ottawa knows best?

Then he puts forward a few more points of view and says:

Is the motto of the future to be "Work, spend and be merry for tomorrow we give all to Ottawa", or perhaps "Widows shed your mourning and enjoy the life your husbands couldn't give you *inter vivos*"?

I think Mr. Jameson's point No. 10 is an important analysis of what the legislation could ultimately mean. He says:

Will the will of tomorrow be made conditional upon the surviving spouse entering into a covenant to remarry within 90 days someone ten years younger, such covenant to run with the will or property in perpetuity, so that property will pass free of tax from spouse to spouse to spouse, etc., etc., etc?

As I say, Mr. Speaker, this legislation is punitive because it discriminates against the small, family-owned unit whether it be a farm, business or whatever. It discriminates against those people who have the faith to deal in trusts.

**Mr. R. N. Thompson (Red Deer):** Mr. Speaker, I rise to participate in this debate for two reasons. One is that the people I represent, the constituents of Red Deer, as I interpret and understand their opinions are almost unanimously against the estate tax legislation. This does not apply only to those who happen to belong to the Conservative party, for in the correspondence that has come to my hand I have found that many who support the government party reject the legislation. In fact, the opposition to the legislation is more widespread than I had realized. It is certainly more widespread than the opposition to many other pieces of legislation which are considered to be controversial. I have in my office at the present time between 1,100 and 1,200 letters. I draw to the attention of the minister that these letters were not politically solicited but were spontaneously sent by people I represent. Three-quarters of the letters are from the constituency itself, with the balance coming from across the country.

I would not be true to my responsibilities as the representative of the people of my constituency unless I expressed in the strongest possible terms the objection which I believe the average person has to this type of legislation. I am not talking about the millionaires. I address these remarks to the hon.