

Income Tax Act

on this side of the House have asked for them. Twice over the last three years I voted to have exemptions increased. Certainly, there are some good things in the bill. The government could not draft a bill this big, with 190 amendments, without hitting something good. But the over-all effect of the bill must be considered. Lawyers and accountants say that this document is so complex that nobody knows what the tax law will be. Certainly, some people will have higher exemptions, but by the time they get those exemptions, with the cost of living constantly rising as a result of the government's policies, the exemptions will look pretty small.

Further, Mr. Speaker, in reply to the hon. member's question I would point out that the government has extended the unemployment insurance scheme to include a large number of people who will never benefit from it. The result is a new tax against those Canadians, and that will eat up the exemptions they get through this bill. When Liberals talk about the candy in the bill, I reply that there isn't much candy in it. When the bill is enacted Canadians will find out this too late.

The government is trying to ram the bill through by offering to cut personal taxes by 3 per cent and corporate tax by 7 per cent. It says that Canadians will not get these tax cuts unless we put the bill through.

Mr. Knowles (Winnipeg North Centre): That isn't in this bill.

Mr. Woolliams: I know, but that is the attitude of the government; it says that whatever happens, the provisions of the bill can be made retroactive. The other night I pointed out that the capital gains tax could be as high as 61 per cent. If such a tax had been in effect when the grandfather and the father of the hon. member for Winnipeg South Centre were living, it would have had a terrible effect on them. Knowing the record of his father and his grandfather in western Canada, I say that they would have opposed such a tax.

Mr. Lambert (Edmonton West): Mr. Chairman, in my intervention this morning I indicated reasons for supporting the stand of the Leader of the Opposition in proposing deferral of the proclamation of a major portion of the bill. I want to add one further observation in regard to that. Of course, such deferral would involve a change of the effective date of January 1, 1972, for a major portion of the bill. As a result of the deferral, the date for its coming into effect could be postponed until April 30 or June 1 next. However, then we could have the nonsense of the estate tax continuing as law and, on April 30 this act coming into force with the provision that effective January 1 the estate tax would be replaced by the capital gains tax. In addition, there would be the nonsense of the uncertainty with regard to capital gains tax during the interval. However, there is no problem with accepting the principle of the effective date of the law being the date fixed for the proclamation. It could be July 1, for example or later.

• (2:20 p.m.)

As an added reason for a deferral I am going to repeat the argument I have made on previous occasions, that it is absolutely essential that the federal government and the provinces somehow sort out the jungle being created as a

result of the withdrawal of the federal estate tax and the continuation of the provincial succession duties, with some provinces wanting to go in on an estate or succession duty that now do not have them, but without there being any mutual credits as between succession duties and the capital gains tax. I have not heard one member from the government benches say that they have even considered the matter. Elimination of the federal estate tax with the continuation of the provincial succession duties and the imposition of a capital gains tax will mean an increase in taxation for the Canadian public. There is no provision for mutual credits as there are now between succession duty and estate tax when one is federal and the other is provincial. There are mutual credits but not under this act, and none have been negotiated.

Not everybody will be taxed for estate or succession duties but there will be a large number across the land. In case some people believe that only the rich will be taxed, let us look at values of farm lands across the country. In Ontario, corn land may be worth \$600 or \$800 an acre. In the west, in what used to be my constituency, farm land can be worth \$350 an acre. In the west 1,000 acres is not an extraordinarily large farm, although it may be in Ontario. At \$600 or \$800 an acre it does not take long to get a value of about \$300,000 for only the farm land and, in addition, there is the value of the buildings and the livestock. These are the people who will be hit by this multiplicity of succession duties and capital gains taxes. Those who are envious are strong advocates of estate taxes and want to destroy what hard work has built. In other words, there are people who want to say to Canadians and others in every generation that we must go back to square one—everybody out of the starting gates at the same time in every generation.

Mr. Brewin: Very sound!

Mr. Lambert (Edmonton West): The hon. gentleman says "Very sound". That is a great way to run the country, a great way to build the country! That is the most patent economic nonsense that could ever be put forward. It arises from the 19th century philosophy that was meant to try to break up estates. It is not justice, it is injustice.

Mr. Knowles (Winnipeg North Centre): It is an attempt to build the country, not private fortunes.

Mr. Lambert (Edmonton West): By so-called redistribution to those who have not earned it and do not deserve it.

I want now to turn to particular points raised by the hon. member for Regina East, and to continue some arguments advanced by my colleague from Calgary North with regard to conventions and expenses. These now are a long way from the white paper proposals. However, there is a rather odd philosophy abroad that because a person derives benefit from some expenses that are allowed for the purpose of earning his living, say business expenses whether it is sole ownership or an incorporated company, that there is something inherently wrong in this. It is tabbed "lush expense account living". No one talks about the multitudes of public servants who go to local, national and international conferences on an expense account paid by the government, although they derive benefit from that. No one talks about union officials who go to local national and international conferences or conventions