

The Budget—Ms. McDonald

Ms. McDonald: The John Bulloch example is one significant example. It is not the only one. I go back to my point that the proof of the pudding is in the eating. Let us see what happens. In the economic statement of last year, the Minister of Finance was wrong. He was wrong on his predictions of revenue, and I think he was wrong because people who do not have money people, who are out of work, are not spending. The money is not coming back. We have a Minister of Finance who has not been in the position for a year but his first mistakes are already beginning to show. I suspect this is going to be a very sadly mistaken Budget. There is not much point in arguing about it here. We will see what those results are.

Mr. McMillan: Mr. Speaker, would the Hon. Member rise to her feet and give the House, and through the House to the people of Canada, the name of one single leader of the business community who has attacked the Budget from the small business sector point of view? I ask her for the name of one person of the calibre of John Bulloch to whom I referred. Could she name one person who speaks for the business community and who is on record as attacking the Budget from the small business sector point of view, just one person, Mr. Speaker?

Ms. McDonald: Mr. Speaker, I would not be able to give the name of a small business person who has attacked the Budget.

Some Hon. Members: Hear, hear!

Ms. McDonald: My point remains that the Minister has not been able to answer the question: How are people going to spend if they do not have purchasing power? The time to renew this debate is when we get some of the results from this Budget. I think they will be extremely unhappy results. We can debate them on the evidence when we see how the Budget actually operates. I repeat that the predictions from the economic statement of last fall were wrong. People welcomed them in the fall, and they were wrong when they welcomed them last fall.

Mr. Stackhouse: Mr. Speaker, I would like to express appreciation for the Hon. Member's remarks—

Ms. Mitchell: Don't be patronizing.

Mr. Stackhouse: —expressing her concerns. I think we have all listened with benefit. I would like to thank her for the tone in which she expressed her views. She avoided some of the fabricated passion that many of her colleagues have demonstrated when speaking on the same subject.

However, I have to take issue with the Hon. Member on some of the substance of her address. I will take time, Mr. Speaker, to refer only to her references to the capital gains provision in the Budget, namely referring to it as a \$500,000 giveaway. Where is the giveaway of half a million dollars? This would imply to someone who did not understand this Budget or did not understand the system of capital gains

beforehand that somehow \$500,000 would actually be given away.

We know, as the Hon. Member for Broadview Greenwood (Ms. McDonald) unintentionally admitted a few sentences later in the address, that the capital gains tax is imposed on only half of the capital gains to start with. We are now talking about a tax on \$250,000 not \$500,000. When we get down to the \$250,000, it is not \$250,000 that will be made this year because the provision involves a progressive initiation of the introduction of the capital gains tax exemption. What will we have this year? We will have exemption on only \$20,000 in capital gains, namely, the tax that would be imposed on \$10,000 of capital gains. Where is this half a million dollar giveaway which the Hon. Member is talking about? I think this is alarming people. I agree that, unintentionally, there has been a kind of scare tactic used. I would say unintentionally. Nonetheless it is a scare tactic that somehow this Government is giving the rich another half a million dollars when in fact we are offering an incentive for investors to do exactly what the Hon. Member should want, and I believe does want.

We have mentioned family farms and family businesses. What we are doing is trying to accomplish the objective which the Hon. Member for Mississauga South (Mr. Blenkarn) indicated, namely the need of private business to raise more capital through equity investment rather than going into debt. Small business needs that kind of assistance. I can take the Hon. Member to a constituent, the operator of a small business, who needs to expand, who is afraid to undertake more debt even at today's interest rates, but who would like to sell equity capital in his business. This provision will encourage individual investors and the Budget will encourage pension funds and other sources of capital supply. Just a half hour before listening to the Hon. Member I talked to an associate in Metro Toronto who told me that already pension funds are making provisions to enlarge portfolios through investment in small businesses. My friend in Scarborough will benefit.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: I regret to interrupt the Hon. Member. Would the Hon. Member for Broadview-Greenwood (Ms. McDonald) wish to reply?

Ms. McDonald: Yes, Mr. Speaker. I think my remarks are perfectly clear as to the nature of the capital gains exemption. I referred and stressed the cumulative nature of the giveaway. It begins small but it goes on year after year, after year. I think this is an extremely unfortunate matter. It is perfectly true that only half the capital gains are taxed right now, contrary, by the way, to the recommendations of the Carter Commission and contrary to the recommendations of many people who see this as being extremely unfair.

Let me also point out, with regard to the Member's second point, that the incentive to invest in small business for pension funds permits investment in foreign companies. We have, on the one hand, a good measure to encourage and invest in small businesses in Canada—