

Income Tax Act

\$200,000 a year as a result of investments and to the individual making \$25,000 a year as a result of wages or salaries. On top of that, something that the \$25,000 a year man does not have at his or her disposal is the tax shelters that the others would have in the form of the film industry, the purchase of apartments, the oil and gas exploration opportunities, which in many cases, as we have demonstrated, results in no tax being paid by those with incomes of \$200,000 plus.

That is the reason Canadians are sick and tired and do not trust the Minister of Finance when he brings forward suggestions that he is coming through with a whole new set of tax loopholes which will benefit Canadians, because Canadians know full well that what he means is that a select group will benefit.

We would like to put an end to special treatment on capital gains and institute a capital gains and dividends tax that treats such gains as earned income. In other words, let us do what the Carter Commission said and call a buck a buck and tax a buck as a buck and not some bucks as 50-cent dollars. We would also like to consider imposing taxes on the outflow of interest and dividends outside Canada. This is a major bleeding off of capital from our country. I think we want to look at other progressive nations to see how they deal with individuals and corporations that are quite content to move literally billions of dollars out of Canada on an annual basis as a result of interest and dividends.

We would also like to have a re-examination of the estate and gift tax which was eliminated in 1971. We feel that this tax should be reinstated with provision to exempt family farms, small business and interspousal transfers. It is interesting when you notice that 60 per cent of Canada's wealth is owned by fewer than 10 per cent of its citizens. When the estate tax was eliminated in 1971, approximately \$66 billion was freed of the tax-burden, and the cost to the Treasury in future taxes would be approximately \$12.5 billion. We are one of the few countries in the entire world which does not have an estate and gift tax. It was eliminated in 1971, as I have mentioned. To institute a tax that most people in the world have, certainly every progressive, thinking nation in the world has in place, would result in a significant step in reducing the deficit. I would like to hear particularly members of the Progressive Conservative Party when they speak on this Bill comment on this estate and gift tax and state why they feel it should not be reintroduced.

We would also like to reform the current system of RRSPs and RHOSPs so that these instruments would be more accessible to lower income Canadians. At the moment, a typical lower income Canadian has a difficult time coming up with extra funds to put into a Registered Home Ownership Savings Plan or a Registered Retirement Savings Plan. It is very difficult for them. The system appears at first glance to be available to every Canadian. But it is like the legal system, which is available to every Canadian in theory but when we come down to the actual, real situation, people with an average income in Canada have difficulty with it. The same is true in

coming up with additional funds to put aside for retirement purposes or for an eventual home.

Mr. Gamble: What is your solution?

Mr. Riis: I have identified some of our concerns. We could go on about many, many more situations, and we will have an opportunity to do so as we get into the detail of Bill C-2. As this proceeds, I believe the unfairness of Bill C-2 will become amply clear as will the fact that all the recommendations do either one of two things. They either provide additional loopholes to upper income Canadians or they impose additional taxes on lower or middle income Canadians.

Why is the Government at this time, when consumer spending is required as at no other time in recent history, saying that its solution is to give tax breaks to the very wealthy in the hope that some of the benefits will trickle down eventually to most Canadians? This is the Reagan supply side approach to solving our problem. Why is the Government saying it is going to increase the sales tax to Canadians, that it is going to keep a tax on gasoline, which is unnecessary and which was promised would be removed last year? Those kinds of policies will not assist in the recovery, but will retard it. When we consider the message which is going out today to Canadians across the country as to what the Government is doing to them through the tax system, we realize that it will not buoy up their hopes or provide them with some vision of what our economy and society could and should be. It will confirm in their hearts and minds the fact that the Government is cynical and misleads the people of Canada when the Minister of Finance stands in the House and says that these tax measures will benefit them. He does not say that they will benefit a handful of wealthy Canadians or that the tax burden upon most Canadians will be increased.

• (1600)

The disposable income of most Canadians has eroded over the last number of years. In other words, they do not have the opportunity now to purchase the goods or services as they would normally do. This tax change will take more money out of the hands of Canadians at a time when more money should be circulating in the economy. At a time when we should be taking steps to encourage people to purchase more services and goods, we are doing exactly the opposite. We are telling people to hold on, because they will be punished even more. Their taxes will go up. They will pay more federal sales tax, which is regressive by definition. At the same time the Government will assist a few of its wealthy buddies. It is too close to what is going on in the United States. It is too close to the supply side economics being introduced by Ronald Reagan and Margaret Thatcher. It is not the kind of solution that Canadians want or need.

The Acting Speaker (Mr. Corbin): It is not possible for the Hon. Member for Dollard (Mr. Desmarais) to ask a question at this point unless he obtains unanimous consent of the House to do so. Is there unanimous consent for the Hon. Member to put a question?