

sons, farmers, fishermen, home owners who must heat their homes, and those who operate transportation systems. The Crosbie budget would have imposed the same burden, only it would have been upon that discretionary use of fuel, the burning of gasoline by automobiles, through the purchase of gasoline at the pump. That, Mr. Chairman, is another defect in the budget and it is something which the minister ought to be addressing when he considers amendments to this bill.

I have had many requests from parents of handicapped children as to whether or not the government can provide some type of tax break for parents who must buy special aids for the deaf and the blind. I see you getting to your feet, Mr. Chairman, so I shall end at this point.

[Translation]

Mr. Lambert: Mr. Chairman, I would like to say a few words on capital gains, especially since the minister published a document on that topic last November. I would like to draw the attention of all members of the House to that publication because you will see what it means in terms of capital gains, what it implies in general.

[English]

Actually, Mr. Chairman, in my book capital gains is one of the biggest swindles that the government has ever perpetrated on the Canadian people. It is the built-in incentive for continuing inflation since there is no provision against artificial gain. The gain in the price of a commodity, such as personal property or real estate, is in itself a reflection of the loss of control of the economy by the government. Frankly, wherever there is percentage taxation there is a built-in incentive to allow inflation to continue.

In 1973 the former minister of finance acceded to the demand for the indexation of personal income as a hedge against the government benefiting from inflation of wages and salaries. He did this, of course, after he had said during the election campaign of 1972 that such a move would bankrupt the country. Then John Turner proceeded with a similar formula to introduce the indexation of personal income so that there was a constant dollar on which income taxes would be based. And that is what we should have as Robert Stanfield had advocated.

• (1650)

Mr. Chairman, I am speaking generally, as we usually do on clause 1, although why we do it I do not know. There are many references to capital gains in Bill C-54. Therefore I would like to put on record some views with regard to capital gains. In the course of my speech on second reading I spoke in extenso on the inequities of capital gains with regard to the sale of farm land for agricultural purposes. I believe that capital gains is a form of sheer robbery and a deterrent to continuing farm operation in this country, when that sector of the Canadian economy, according to comments made during the highly touted trips of the Prime Minister, will have to meet increased demand upon Canadian agriculture to provide food and other

basic raw materials for the Third World. The paradox is startling.

What is the effect of this capital gains? A retiring farmer sold a parcel of land on the outskirts of the city of Edmonton within the past few weeks for \$6 million, on which he will pay something like \$2 million in capital gains tax. Obviously, this land is not for agricultural purposes and I agree that capital gains tax should be paid, but taxes were paid before 1972 on land which was being subdivided for other than agricultural purposes. As a matter of fact the tax rate was higher than it is now. But this was a business venture. The land was coming out of agricultural production and going into subdivision. If the land is to be subdivided, then it is fair game and should be taxed.

However, the capital gains tax has the effect of guaranteeing that that \$2 million will ultimately be paid by the purchasers of the homes which will be built on that parcel of land. The government says that it worries about this situation. In Vancouver today a three-bedroom home is being sold for \$175,000. Of course speculation in Vancouver is grist for the government's mill. These homes are not bought for residences. They are being bought for speculative purposes, and the tax on these homes is being loaded on every time there is a transaction. This tax is ultimately paid by the purchaser, just as the purchaser in effect always pays the real estate commission, which is loaded on top of the price. It is all a nitwit's game played for the benefit of the government.

If one looks at pages 8 and 9 of the minister's monograph, one will find Table I which shows that individuals in 1978, which is the last year for which there are complete statistics, paid on net taxable gains of \$1,193,000,000 and that the corporations paid only on \$795 million, making a total of \$3,977,000,000 of net capital gains to which income tax is applicable at whatever level. It does not mean that that much has been paid in income tax. It is impossible to determine, as I have tried on numerous occasions, how much income tax is attributable to the capital gains tax, unless one were to take every individual return on which capital gains were acknowledged. The capital gains is usually translated into the taxable income and put at the marginal rate of the individual person or the rate that is paid by that corporation, whether it be a small business or a major corporation earning at the top rate. Therefore it is impossible to say how much tax was paid.

I judge that, if there were close to \$4 billion acknowledged in capital gains in 1978, 50 per cent of that, because the losses have already been wiped out, which would be \$2 billion, and at least \$1 billion was paid on income in that year. We do not have the figures for 1979 and 1980 which had inflation factors of 10 per cent which will naturally affect the figure when added thereto. The 1980 statistics will likely show a downturn in capital gains because of the reduced economic activity and the lowering of certain markets.

I feel that the minister's documentation here is welcomed by the Department of Finance. I certainly hope that the tax accountants and hon. members in this House will examine it very carefully and that we will get a chance to ask questions of