

reduce the deficit, they should be consistent and not ask Canadians always to foot the bill while millions of dollars are handed out to big corporations in the guise of tax favours. Concerning the matter being debated tonight, I was indeed referring to the Auditor General's Report, Note 4.44, where it is said that some \$100 million were handed out to Canadian or multinational corporations while Canadians, people living in rural areas, were asked to accept reduced postal services and post office shutdowns in the name of the deficit. If the deficit is to be reduced, why extend income tax favours? Should they not impose fiscal restraint across the board, instead of focusing it on those who have the greatest need of those services, Madam Speaker?

• (1800)

[English]

The Government is reducing the effectiveness, if there was any, of our postal service. One night Dick Watson of Surrey, B.C., came home and saw a machine digging a hole for the installation of supermailboxes in front of his house. He used all his savings to buy a home for his family and suddenly his peace and tranquility will disappear because of all the traffic which will necessarily go past the supermailbox. How would the Minister feel if that happened to him? The Government has once again proven that in its efforts to reduce the deficit it always hits the wrong people, while giving millions of dollars worth of tax exemptions to companies and multinationals.

[Translation]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Madam Speaker, it is with pleasure that I take part in this debate. How indecent, and there is no other word, what the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano) has just been uttering. Madam Speaker, the Hon. Member for Saint-Léonard—Anjou, when dealing with the Canada Post question talks about big corporations and income tax credits. But the tax law as we know it, Madam Speaker, was enacted under his Government when in power—an Income Tax Act that is that thick. They enacted an Income Tax Act with scientific research credits, with tax havens for boats and hotels, a law that allowed the setting up of blind partnerships where all kinds of tax shellgames were played. It is not this Government, but his Government which created all that, and since 1984, Madam Speaker, we have been trying to put some sort of order into that legislation which has been described by tax experts and people in general as an incomprehensible, unimplementable, an unwanted legislation which they kept on. The Minister of Finance, in his last Budget, under the previous Liberal Government, was about to increase still further the complexities of the Income Tax Act. Two months after coming into office, Madam Speaker, that is in November 1984, we immediately dealt with the problem of scientific research income tax credit. That problem we solved, and not three years later. We solved the problem two months after being elected.

Adjournment Debate

In May 1985, we solved the problem of tax havens for boats and hotels that his Government had put in place.

Mr. Gagliano: And the Florida capital gains exemption?

Mr. Vincent: Yes, Madam Speaker, and we had the good sense to grant a \$500,000 capital gains tax exemption. I recall a television program on which the Hon. Member for Laval-des-Rapides (Mr. Garneau) was told by all the participants at a round table discussion that he was playing politics by criticizing the \$500,000 capital gains tax exemption. This is what he was told on the air by all the participants. He was told: "You, the Member of Parliament for Laval-des-Rapides, a former bank president, how can you oppose such an economically important initiative, something which is so much to the advantage of all Canadians, Western farmers as well as people in Quebec and small businesses throughout the country? You are playing politics." Today, the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano) is doing the same thing.

We have a problem with the postal service deficit. That is true. We have a problem with the Income Tax Act, which is too complicated. There were too many abuses of the tax system. We are now solving this problem. I hope that the Hon. Member for Saint-Léonard—Anjou understands what I have been telling him.

• (1805)

[English]

TRADE—ANNOUNCED CLOSURE OF LUMBER MILL AT NAIRN, ONTARIO. (B) RESTORATION OF JOBS—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, on November 26 I put a question to the Minister for International Trade (Miss Carney) concerning the Government's intention with regard to the softwood countervail being imposed by the United States. The question was precipitated by a telegram sent to the Prime Minister (Mr. Mulroney) on the previous day. It was sent by the Senior Vice-President of E. B. Eddy Forest Products Limited, which has a large mill in Nairn in my constituency.

I will read the telegram because it is very important. It was sent by Mr. E. F. Boswell, Senior Vice-President, and member of the senior committee of the Canadian Forest Industries Council. He states in his telegram:

We at E. B. Eddy Forest Products were shocked to watch the Government of Canada take a 180 degree change in its position on the softwood lumber countervail case.

With large sawmill operations in Ontario and Quebec, it has been necessary for us today to announce a suspension of operations at our mill in Nairn Centre, Ontario, which is the largest sawmill in the province.

Actually, it is the largest sawmill east of the Rockies.

We have spent thousands and thousands of dollars supporting the efforts of the Canadian Forest Industries Council only to have your Government annul all of that effort at the most critical time in the defence of our case.

It is unbelievable that any Government could so abandon such a large Canadian industry and all of its employees.