

Income Tax Act, 1986

tried to screen foreign investments with FIRA. Mr. Speaker, the Liberals sold Canada on credit.

Mr. Boudria: As for you, you gave the country away.

Mr. Fontaine: Fifteen years have gone by since 1971. We must now applaud the courage of the Minister of Finance (Mr. Wilson) and of the Minister of State for Finance (Mrs. McDougall) for having been willing to implement the capital gains exemption. It is one of the most, if not the most, effective initiative for economic recovery. Contrary to what some would say, this initiative is not designed for the wealthy and the multinationals. For them, \$500,000 is not a significant amount. This is another initiative for ordinary taxpayers, for our business people. Nowadays those who purchase shares from brokers and who are interested in investing in Canadian companies do so because they want to make a profit. Formerly, when they made for instance a \$1,000 profit on their investments, they had to pay income tax on 50 per cent of this amount, namely \$500, at a tax rate of maybe 40 per cent. Which means that they had to pay \$200 in income tax on that \$1,000. On the one hand, they had less money to reinvest and, on the other hand, they lacked incentive.

Mr. Speaker, people involved in small businesses will also benefit from this because they will be able to find in their own environment, in the area where they do business, people eager to invest in their businesses, for they will know that they will be entitled to tax-free profits. That is how our 750,000 small and medium-sized businesses will grow. There will be more investors and these investors will be able to rely on their neighbours, the working people all over the country. Those who do not invest their money will lend it. They used to lend it and to purchase foreign goods with their income, so that we had developed as a nation of consumers instead of a nation of builders.

This legislation will also liberate small businessmen who had transmission problems. What was the use for our small businessman of starting businesses when they knew quite well that in the end they would have to reassess the value of their businesses and pay income tax? Then they lacked incentive; now, with this \$500,000 exemption from capital gains tax, we are giving them back incentive.

This way, Mr. Speaker, the firms will remain the property of our businessmen, will make it possible for our 750,000 administrators, developers, owners of small- and medium-sized businesses to hope again to show a profit, and that is the only way in the western world to encourage economic development. The fact of the matter is that since our Party came to power on Parliament Hill, we have managed to create 415,000 new jobs, including 130,000 in the Province of Quebec.

● (1220)

Since we came to power, our country has had the best record for job creation among the summit countries. We have

managed to reduce interest rates by three per cent. The unemployment rate has gone down, and this year, the rate of inflation has its lowest point since 1971. This is important to people who have savings, because savings are very sensitive to inflation. Now, we are going to make sure their money maintains its value.

Our plans and programs have the support of the Canadian Chamber of Commerce. We enjoy the support of local Chambers of Commerce and the Canadian Federation of Independent Businesses and business associations. It must be said that the Liberal Party exhausted this country's resources. It made us borrowers and consumers of credit. Mr. Speaker, the Liberal Party, and this is a serious thing, looked on business as the exploiting class. It discouraged business through the tax system. It destroyed the ambition of our business people. That is what this party did in 1971 and 1984. The Liberal Party forgot that the role of the state is essentially to distribute part of the wealth, wealth which must first be earned. It decided to borrow that wealth, and today we have to do something about this situation. We are going to reduce borrowing and take steps to develop our economy.

Mr. Speaker, in concluding I might say that we are among the richest countries in the world. We have coal and oil on three oceans. We have our fresh water resources, hydro-electric power, wheat and lumber. Our population consists of one-third Francophones, one-third Anglophones and one-third—the ideal mix to exploit these natural resources, but first, Canadians must be given a framework within which they can become free and develop their resources, a framework that the Liberals dismantled. This must be said. The Minister of Finance (Mr. Wilson) is giving Canadians, our human resources, a chance to exploit these resources. Let us do so, and meanwhile, my last message to the Liberals is: Keep quiet and repent your sins! I would even say: Admire what we are doing!

The Acting Speaker (Mr. Paproski): Questions or comments. The Hon. Member for Glengarry-Prescott-Russell (Mr. Boudria).

Mr. Boudria: Mr. Speaker, the arrogance of the Conservative Government is obvious when a Conservative Member suggests to the House that Opposition Members should not be allowed to exercise their right to speak. They are expected to remain silent, lost in admiration before a Government that is sinking fast in the polls. This Conservative attitude is becoming increasingly flagrant.

[English]

I suggest that the Hon. Member should consider seriously changing his speech-writer; I think he definitely needs a new one.

[Translation]

I have a question for him, he mentioned the value of the dollar. I noticed he said he wants the dollar to maintain its