

Bill C-23 removes some tax initiatives of which only certain businesses could take advantage. These types of initiatives only complicate the decision-making of small businesses. Small business should be making decisions based on sound business and economic principles in the same way as do other larger corporations.

Bill C-23 broadens the base of tax by the elimination of the 3 per cent inventory allowance and through the phasing out of the general investment tax credits of 7 per cent and 10 per cent and the 7 per cent transportation and construction credit. These changes will be accompanied by a phase-in reduction of the tax rates. The basic federal rate will be reduced from 36 per cent to 33 per cent. The manufacturing rate will be reduced from 30 per cent to 26 per cent. The rate for small manufacturers will fall from 10 per cent to 8 per cent and the rate for other small businesses will be reduced by 2 per cent from 15 per cent to 13 per cent. Our commitment for greater equity in our tax system is reflected in our record and in the improvements we have made to economic growth.

Mr. Cassidy: Like the capital gains exemption.

Mr. Warner: Like our capital gains exemption.

Mr. Cassidy: That doesn't increase equity at all and the Hon. Member knows it.

Mr. Warner: The minimum tax will reduce tax avoidance. Bill C-23 terminates the use of partnerships and corporate takeovers to increase tax deductions through so-called partnership step-up or bump-up rules. The so called carve-out transactions whereby profitable oil and gas companies temporarily transfer property to companies with losses in order to reduce taxes will no longer be permissible. Trusts will be prevented from marketing securities in such a way that income and capital returns to investors are distributed tax-free.

I do not believe any person in the House can argue that this is not a progressive piece of legislation, one which is fair and will serve the needs of Canadians and assist in the economic renewal which has already taken place on a grand scale. Most of us will also agree that it will continue very successfully over the next few years. How can anyone argue otherwise when the unemployment rate has dropped from 11.7 per cent in September of 1984 to 9.4 per cent in October of 1986? This is a progressive Government and it is carrying on with a very successful renewal program. Total unemployment has fallen by 255,000 since September of 1984. Since September of 1984 the number of unemployed youth has fallen by 119,000. The number of unemployed women has fallen by 98,000 since that time. Jobs are being created at a monthly rate of over 24,000 compared with a little over 7,000 by the old Government. We have created over 600,000 jobs in 25 months compared to 400,000 in 55 months.

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The record of the Government on economic renewal is absolutely outstanding. No one in the House can say that we

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are not on the right track or that we are not taking the right direction with respect to economic renewal. Interest rates have fallen by almost 4 per cent. Interest rates on mortgages have fallen by over 3 per cent. This translates into making house purchases much easier for the average Canadian. The cost of a \$50,000 mortgage has been reduced by over \$100 a month in the last two years. This means that more people have entered into the housing market. The housing boom in Ontario and other parts of the country is tremendous. How can anyone argue against that? The people of Stormont—Dundas and Glengarry certainly know what has happened with economic renewal in their area. It has meant more jobs for all Canadians, all men, women and youth. Economic renewal will continue with positive legislation such as this.

The interest rate on five-year farm credit mortgage loans has fallen by over three percentage points to the lowest rate since 1979. Although this does not solve all farmers' problems, it is of great assistance in reducing by 3 per cent one's debt burden. The reduction in interest rate has been facilitated by responsible Government. It has been facilitated by a Minister of Finance who has set a course for our Government which we are following and supporting. The results are obvious. They are appreciated by all Canadians, whether they are represented by members of the Opposition or by government Members. Economic renewal is alive and well in Canada.

Perhaps one of our only criticisms can be that it is not as widespread as we would like it to be, but we are working on that as well. I only wish that the economic prosperity of Mississauga or greater Toronto were shared by people in Alberta and in the east. Our Government is committed to looking at these regional disparities. This legislation has approached some of those problems. It will facilitate the funding of more investment in some of the areas that have not grown or do not have the wealth and prosperity that we would like them to have.

Interest rates can only be maintained at a low level, or a comparatively low level, if our Government is perceived by the international community to be a sound Government with sound direction. Interest rates are not inherited; they are something that one deserves and one earns. It is through international respect that the capital flow will continue to come to Canada. This year we are looking at increased foreign investment, something about which our Government campaigned and something which is now happening. Investors are coming here from Germany and from Hong Kong. In terms of Hong Kong, the numbers are higher than any previous year. These are very wealthy investors coming to Canada which is a haven for investment. Canada is safe and has a responsible and democratic Government. Not only is it safe in terms of investment, but investments will grow. They will create jobs for Canadians as they grow and give a return to investors.