

Income Tax

what I am saying to them. I am sure if hon. members had talked to businessmen the way I have talked to a great many in my area and in other parts of Canada, they would understand the proposition I am putting to them. These businessmen say they are running businesses, working very hard and making some money, but all that money is subject to taxation. Before the advent of a capital gains tax they knew that if they sold out to an American there would be no capital gains tax and they would have enough money tax-free to live on for the rest of their lives. That is why they sold out; not because we had a capital gains tax but because we did not have a capital gains tax.

Some hon. Members: Oh, oh!

Mr. Saltzman: I know my friends to the right do not want to believe that.

An hon. Member: Why did you sell out?

Some hon. Members: Oh, oh!

An hon. Member: You do not believe that yourself.

Mr. Saltzman: My friends to the right do not want to believe that, but they should ask many Canadian businessmen why they sold out to Americans. They will find out that those businessmen felt it was better from a tax point of view to sell their businesses than to operate them, because they got the benefits under capital gains that they could not get under corporate tax laws.

An hon. Member: Nonsense!

Mr. McKenzie: Mr. Chairman, we are debating a tax bill this evening. I am sure all of us on this side would like to see a reduction in income taxes.

There was a startling revelation today in the *Argus Journal*, the newspaper of the Public Service Alliance of Canada. We find this statement:

The fact that the government doesn't much care about costs involved doesn't help either. In this case, the transfer of 650 employees would mean at least \$6.5 million in relocation costs.

This was in reference to the DVA move to Prince Edward Island. The article continues:

The move also means the construction of a new federal building to house these employees, as stated by Deputy Minister Bruce Brittain in a letter dated October 26 to the DVA Component of the PSAC.

"We estimate that the total cost could be more than \$20 million."

I see the minister has now come back in.

The letter in the article further states:

"This expenditure of millions of dollars after introducing a program of controls on all sectors of the economy is an insult to the Canadian people,"—

This is a statement made by the PSAC—

The Chairman: Order, please. I must interrupt the hon. member as the point he is raising does not at all refer to the clause before the committee at this time. The hon. member must realize that, when we are engaged in a clause by clause

study of the bill, questions, remarks and interventions should be directly related to the clause under study—in the present case dealing with the capital gains tax. The clause has nothing to do with general government policy, administration, or the decentralization of government departments,

Mr. McKenzie: Perhaps the minister would like to comment on this. He came back into the House when I raised the issue and I think he would welcome the opportunity to comment.

The Chairman: Order, please. If I allowed a question and a reply by the minister I am sure the hon. member would come back with a supplementary question, and I would perhaps then have to allow a discussion of other government policies by other hon. members. This would open a general debate. A general debate has already taken place on clause 1 and during second reading of the bill. If the hon. member wants to raise the question he should try to find a clause in this bill that is directly related to it. I cannot allow the question, or the minister to reply at this time.

• (2110)

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Chairman, I have listened to this discussion with more than a little attention because my interest in this particular bill is in trying to improve the equity tax structure. There have been points made tonight, which lead me to conclude that there is one suggestion which might be helpful in getting at the problem.

I do not think there is any question, and I am looking now at the party to my left, but that the Conservative party believes in equity in taxation. This means we support a legitimate capital gains tax. What we are trying to say is that in getting at the principle, if we can make this work as we thought it would when we voted for it, so much the better. Naturally no one wants to see a system where a certain element of the population lives entirely on capital gains. It is not equitable. But there is a place for another principle, that of trying to encourage people to invest in their own country in equity stocks. This is where the Conservative party stands absolutely opposed to what the NDP stands for. They are attacking us here tonight, and amusing the Minister of Finance no end because he sees happening, for the third time in his experience, a political party committing suicide. I am talking about the NDP.

When you find a political party to the left of the official opposition spending all its time attacking the official opposition, you know very well, Mr. Speaker, it is committing suicide. The previous leader of that party, Mr. Lewis, supported the Liberal government for two years. He kept them in power.

I will come back to the capital gains tax by pointing out that there is a time in this House to discuss capital gains from the point of view of trying to improve it. But I want to emphasize that in the capitalistic system which we support there has to be an equitable tax system. In what way can we make it more equitable?

The hon. member for Esquimalt-Saanich was getting at a human problem, one which should interest the Minister of