

*Income Tax Act, 1986*

cable and pay TV services, alcoholic beverages and tobacco, to mention a few.

We, the Official Opposition, pay a lot of attention to the deindexation of old age pension and on taxes aimed at the elderly and the disadvantaged. We take pride in having been instrumental in forcing the Government to lift taxes on health care products and remove the deindexation of old age pensions.

Let me come back to Bill C-84 again. There is another measure that is quite revealing, that is, the \$500,000 bonanza on capital gains, which is, in plain terms, a tax break for those who make a gain in their capital assets for up to \$500,000. I ask you, Mr. Speaker, how can a Government so devoted, at least in words through its speeches and election statements, to reducing the deficit, come up with such a measure and justify it? All of a sudden the need to reduce the deficit is forgotten and this measure is introduced, which means reduced revenue to the Government and therefore a reduced capability of reducing the deficit that the Government is so worried about. How very strange, Mr. Speaker.

I find it rather amusing to read in today's news a statement by the Canadian Council on Business and the BCNI, urging the Government to lead the charge in the fight against reducing the deficit. Did you, Mr. Speaker, hear anything from the BCNI complaining about the \$500 capital gains tax? I did not. That has gone unnoticed by the very people who are asking the Government now to reduce its expenses and be tough with the deficit. In the opinion of this very same institution it is all right to pursue these tax breaks. It is perfectly legitimate, therefore, to favour capital gains anywhere in the world, be it on your yacht in the Bahamas, a condominium in Florida—

**An Hon. Member:** Or a farm in Saskatchewan.

**Mr. Caccia:**—or on foreign securities or properties abroad. It is so diffused that we would like, as the Hon. Member is interjecting, to see it focused, and not only on capital gains made in Canada, because he is quite right in what he has just said, but also focused in a manner that would permit the measure to be linked to economic growth and possibly to the creation of jobs.

Then we, on this side of the House, would look at that measure with great interest and we would not be critical of it because it would make sense. It would then be a form of tax incentive that would have an economic growth purpose, and it would then bring us closer at least to a desired goal that we all share, namely, the maintenance of existing jobs and the creation of new ones.

Bill C-84, therefore, has negative features in it that have not been highlighted enough. I do not blame Members opposite for not having written home about its negative features, because obviously they do not want to upset the population. I am saying to you that not until the effects of this measure will be felt, and only some of them will be felt in the future but some have already been felt, will Canadians appreciate it. They will not like the idea of being denied the features to which they have become accustomed over the years, namely, to see their personal deduction on the income tax form increase every year

as inflation increases. That is a feature that has become part of our economic and social structure. It has been supported by Canadians at large and in a way it makes sense. That removal is a serious setback, and it falls more heavily, I submit, on people in the low and middle-incomes brackets than on those who have higher incomes and, therefore, can afford this type of initiative and not suffer under it as badly.

The impact of the measures, of course, has to be seen, not just by looking at them one by one, as I have tried to do, but by looking at the other Bills. When you put together the totality of the picture and you begin to see what is happening to gasoline prices, certain health care products, what is happening to the removal of the tax shelter for the Registered Home Ownership Savings Plan, the deindexation of family allowances, you see a picture that is emerging here indicating that what is happening is a massive shift in the tax burden. It is most unfortunate that this Government chose to shift this burden on to the low and middle-income Canadians in an attempt, which is contradictory in itself, to reduce the deficit, on the one hand, and, on the other, to allow certain measures like the personal capital gains tax exemption. Those measures are in conflict with this highly proclaimed desire to reduce the deficit. The two simply do not jibe. They are in conflict with each other. While the Government introduces a tax break on the one hand for those who are already doing reasonably well in society, it is coming down heavily on those who may be on fixed incomes or struggling between the lower and middle-income ranges and who do not see the fairness and equity in this kind of taxation policy.

● (1120)

I realize the political necessity for Conservative back-benchers to tiptoe around these negative measures which are bad news back home. This morning I have been offered an opportunity to bring them to the attention of the House and I am glad to do so because I think that Canadians are not well served by taxation policies that put out contradicting signals and place an unfair burden evenly on everyone, regardless of capacity to pay.

**Mr. Gormley:** Mr. Speaker, I would like to comment on the remarks made by the Hon. Member for Davenport (Mr. Caccia) and his assertion that Bill C-84 is being dealt with in a sneaky fashion by the Government. I would also like to comment on his second assertion that Government Members are somehow avoiding or tiptoeing through the matter. As one who has never been accused of tiptoeing through anything in my life, I would like to comment on one particular point the Hon. Member raised.

Regarding the Registered Home Ownership Savings Plan, I found it paradoxical that this particular Hon. Member who served as a member of the previous Government would mention the removal of the RHOSP as a tax shelter and make some very misplaced comments regarding the benefit to the economy involved in freeing up RHOSP funding. It strikes me as being paradoxical that when Liberal Members have a good idea but do not have time to implement it and when a new