

Income Tax Act and Related Acts

Ms. Mitchell: Mr. Speaker, I am very glad my colleague brought me back to the realities of the child care program that was proposed by this Government. We will be working on this in committee next week while everyone else is going to go home to get ready for the election. I think there is no question at all. As I have said many times in this House, the \$200 tax credit for homemakers who are looking after children full time, whether be it a father, a mother or people who use informal baby-sitting arrangements where they do not have tax receipts, is not in any way recognizing either the costs or the contribution of that parenting time. It is an insult, as I have said over and over again. It would have been better to reindex the family allowance and improve the child tax credit. Incidentally, this new child care credit just goes to low-income families. Let us not misunderstand it. It only goes to the poorest of the poor, that category to which the Government seems to limit giving benefits.

● (1330)

The rhetoric that the Minister of National Health and Welfare has used is that it gives families a choice. That is absolute rot. It does not give any kind of choice. A mother or father who is in the workforce who has a young child cannot afford to stay at home if they only have \$200. Most of them are working because they have to work.

The Government has not brought in any parental leave policy either which would allow parents to have at least the first six months at home with the baby. That is something which is important to starting a life in the right way for a child. Parents should have the choice in that area.

As far as providing child care services is concerned, of course the Government does not want to do that. The amount of money that it has put into the child care side of things for day care spaces will result in less growth than if it leaves the situation as it is under the Canada Assistance Plan. Furthermore, it caps it off at the end of seven years. Thus at the end of seven years we can forget it, there will not be any more spaces.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano).

● (1340)

[Translation]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I am pleased to participate in the third reading debate on tax reform and, at the outset, give some background to the issue since this debate is coming to an end.

First of all, Mr. Speaker, the Minister of Finance (Mr. Wilson) had stated in 1984, that a tax reform was unnecessary, adding that he had a few changes to introduce which, indeed, he gradually initiated as the opportunity came about.

Of course, one has to remember his first budget where he extended to everybody a \$100,000 capital gain deduction not

only on Canadian ownership, not only as an incentive to develop the Canadian economy and create new jobs, but to anyone owning for instance a property in Florida, which could be sold in order to buy a new one or make new investments in another country, and yet the owner would have qualified for this deduction.

At last, Mr. Speaker, the Government realized it had made a mistake. The Opposition had repeatedly declared that such a move would not produce the economic benefits the country needed, it would not have generated the new jobs Canadians were expecting in order to earn their living. Finally, the Government used tax reform as a pretext to save face and reconsider this unrealistic and unbelievable measure. Therefore, under that tax reform they propose a lifetime, \$100,000 deduction, while raising the taxable portion of capital gains from 50 per cent to two thirds in 1988, and to 75 per cent in 1990. We can therefore state that those \$100,000 become zero. This is a complete about-face from this Government, which put its whole economic strategy behind that \$500,000 deduction, stating it wanted to give a signal, a clear and specific direction to all Canadians that, let us say, under a Conservative Government such was the economic approach—there should be incentives for people to invest. But now, less than two years later, Mr. Speaker, they changed the whole picture, they made not a 90- but a 360-degree turn.

Of course the Minister provided somewhat the reason why initially he stated that we needed no tax reform, and then announced one later—it is because our neighbours down South decided to have a tax reform.

Mr. Speaker, they decided in the United States to have a tax reform. They achieved this because they agreed on the principles; they set up parameters, and then they said: Let the officials implement them. Here, we are having a tax reform, and after each clause, each proposed change, there always is a cost analysis—how much that costs, should we repeal such or such a provision, or should we introduce another. So, they completely lost sight of the major goal, which was to have a kind of tax reform that would remedy every inequity in the tax system. We can give clear examples of this, Mr. Speaker, almost everywhere in the legislation.

But I would like to refer especially to the self-employed. There is in Canada an increasing number of self-employed. But now, the tax reform proposed by this Tory Minister of Finance is attacking that whole group of workers who, having lost their jobs, went into business as self-employed. The first thing he does, the Minister says: We arbitrarily repeal 20 per cent of automobile expenses, 20 per cent of entertainment expenses. And then he says: We are going to propose a free trade agreement with the United States, because you owe it to yourselves to become more competitive in order to sell Canadian goods on the American market.