for Saint-Henri-Westmount is to make the Income Tax Act even more complex than it already is. For our part, Mr. Speaker, we are working at changing the Income Tax Act. Yet, the Members opposite want to add something to the Act which could apply through regulations and whose result would be that the small investor would once again be footing the Bill. It is unfortunate that the Hon. Member for Saint-Henri-Westmount does not recognize this. When he says that he does not understand why his motion is not acceptable, I would like to tell him that it is for those reasons, Mr. Speaker.

He said that the Opposition must make a positive contribution. We quite agree with him, but such motions, which would make the Act even more complex and which criticize the capital gains exemptions that will help our businesses, do not constitute positive opposition, far from it.

● (1630)

[*English*]

Mr. Iain Angus (Thunder Bay-Atikokan): Mr. Speaker, I just want to participate very briefly on this section of the debate to indicate that the New Democratic Party is not supportive of the amendment. We believe that capital gains are capital gains, regardless of where the money is earned. We do not think that someone who sells a condominium in Florida and receives the benefit should be taxed differently from someone who sells a condominium in Vancouver, Thunder Bay, or wherever. For that reason, we will not support this particular amendment.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I would like to rise in this debate in support of Motion No. 2, presented by my colleague from Saint-Henri-Westmount (Mr. Johnston), to restrict the capital gains exemption to gains realized in Canada with respect to Canadian businesses or property.

Without going over the whole debate on second reading, I was surprised to hear the Hon. Member for Trois-Rivières (Mr. Vincent) make the kind of comments he did, because it is clear to me he did not really grasp the meaning of the amendment put forward.

In principle, we already have taken a position concerning the fact that a Government claiming to have no money to maintain full indexation of family allowances—we do not believe that a Government taking such an attitude, cutting indexation—we cannot understand how it can then say it has enough financial resources to give tax benefits to people who have enough income to invest and realize capital gains. This is a matter of equity and social justice, and as we know, according to published surveys that come from people in the Conservative Party, Allan Gregg, who says that: The main difficulty faced by the Government with its Budget of May 23, 1985, is that it is perceived as being unfair because it in fact is unfair—

And, besides, as we maintain, it is and is perceived as such. And the proof is, Mr. Speaker, that this Government, claiming it does not have the financial resources for first-hand social programs, had the resources available to give to the multinational oil corporations. And I will not discuss that any further because we could start anew on the second reading debate.

But as we look at it, and not just the Liberal Opposition, we can be blamed for playing politics although it is our role to oppose when in Opposition, and if it were our role to oppose in Opposition, we are not the only ones to do so.

And rather than rely on the views of people who have nothing to do with the administration of our tax laws, I would quote from an article published by the *Financial Post Magazine* after the Budget was tabled, long after it was tabled, and which reports on conversations and discussions held by the Canadian Tax Foundation. Of course the Canadian Tax Foundation includes in its membership chartered accountants, tax experts from all over the country. They had a convention and considered the effects of Bill C-84, of the Budget from a general standpoint, but especially the impact of such a repeal of the capital gains tax.

Several experts have expressed their views, and this is, for instance, what the article had to say. I am quoting from the *Financial Post Magazine* of November 30, 1985, as published under the signature of Mr. Gordon Pitts, the journalist who wrote that article. He attended the Canadian Tax Foundation convention.

This is what he wrote:

[*English*]

> Finance Minister Michael Wilson's $500,000 capital gains exemption is meeting strong opposition from one group that has much to gain from it—the country's tax practitioners.
>
> They will earn hefty fees from the fancy tax planning the exemption will spawn. But even so, many of the 1,500 accountants and lawyers attending last week's Canadian Tax Foundation conference here criticized the proposal as ill-conceived and poorly designed.

I would indicate to the Hon. Member for Trois-Rivières (Mr. Vincent) that this is not a comment made by a Liberal. It is not a comment made on a partisan basis. Those comments are made by lawyers and accountants who will benefit from this legislation because it is so complex that they will have to advise their customers and charge "hefty fees", to use the words in the article.

Mr. William Lawlor, a national tax partner with Ernst & Whinney, a firm that I understand is particularly close to the Conservative Party, sparked the debate by saying that this measure "will have disastrous effect structurally on the tax system".

[*Translation*]

Taking into account those remarks, and surely all those made by other experts, and because of those difficulties, we ask: "Why not try at least to improve the Bill and restrict the benefits of this exemption to capital gains realized on Canadian property in order to spare the taxpayers?" And I would like