

the bare essentials of the transaction are exposed to the Department of National Revenue”.

It was also called the Oldsmobile transaction. The reason why they called it the Oldsmobile transaction was that at that time General Motors put out an Oldsmobile 88 and an Oldsmobile 98. Those were the two sections of the Income Tax Act that were used to accomplish this tax break which enabled the company to inflate the value of a property which was then sold to a partnership—this is in its simplest form—and, as the law is written, you cannot then retrieve your tax from the partnership.

Where I disagree with the NDP in every reference its members make to that is that they blame the company. They blame, as did the hon. member who spoke a few moments ago, those rich companies. It is not the companies' fault.

An hon. member: I did not blame anybody.

Mr. Baker: I am speaking about the hon. member from the NDP who was here a few moments ago and delivered an address on the subject of tax expenditures.

It is not the companies' fault. It is not the fault of the Reichmanns that that break was there. Why, if Paul Reichmann did not take advantage of it, if he did not go to the Government of Canada and say “look, I want it in writing before I do it”, if he did not do that, if he did not take advantage of what the law was that we passed here in this Chamber, why, he would not be very smart.

It is not his fault or the fault of his two brothers. The minister even brought up the transaction outside the House. It is the fault of the government in power. Come to think of it, it was not only Gulf. It was also Petrofina. It was also Syncrude. There was one other instance where that tax break was used.

• (1150)

To be able to take your money out of a company in Canada, an oil development, and to spend it in another nation, in another country and deduct every penny of your expenditure in that foreign nation over a 10 year period, and if you make any profits over there you can deduct it even faster, is not acceptable in this day and age in Canada. The U.S. does not have such a system.

Government Orders

We are left with an oil development. Yes, it will survive and it will go ahead, I am sure, in Hibernia. The minister and the parliamentary secretary a few moments ago said: “Tell us where to find the money”. There appears to be loads of money available for the Government of Canada to pay out billions and billions and billions of dollars.

When you look at the documents of taxation analysing the returns of individuals for the 1989 taxation year and miscellaneous statistics, the most recent one, you are struck by a couple of things. The numbers of people making over a quarter of a million dollars a year paying no income tax at all has gone up.

The hon. member for Broadview—Greenwood advocates a flat tax.

An hon. member: A single tax.

Mr. Baker: A single tax. I am sorry, there is quite a difference. Those are the figures that he looks at. When you examine it even closer you see that certain people in the six figure bracket are claiming the child tax credit, the federal sales tax credit and now the GST rebate. When you look at the rules and regulations for those, and I will put it on the record, it says that it will be paid to families with low and modest incomes. The application is made out by those with low and modest incomes.

The hon. parliamentary secretary and the minister ask: “Where are we going to get the money?” Through our taxation system we have allowed those types of breaks to take place, to have someone with a reported total income of \$250,000 a year paying not one penny of income tax. It is there on the record.

That is not a complete story. You can have people making \$30,000 a year in the statistics of income and they can actually make a half a million.

The hon. member asks where can he get the money. In December they changed the whole system. The hon. member a few moments ago talked about the capital gains tax that was brought into this country back in 1971, the capital gains tax of 50 per cent of normal taxation that was imposed after the termination of the estate tax.

The hon. member from the NDP was complaining about it. What he should have been complaining about was what the Government of Canada did. It did not affect small businessmen, the ordinary businessmen in Canada. We met with the Federation of Independent Business just yesterday. One of the gentlemen there