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the individual. I cannot rationalize the Hon. Member's statement that the people who own property in Florida will realize a capital gain. It will not work. It is not there to be made.

The Hon. Member and I have been colleagues in the House for the last six years. He and I have talked about various investments. He has given to me some very sound recommendations. I am sure that, personally, he is in favour of the capital gains provision, because he knows that it is important to have investment by average Canadians in the economy. I would like to hear his personal feelings. I would like to have him forget that he is a member of the NDP for a minute.

Mr. Riis: Mr. Speaker, somehow I feel that if I am not standing here in a loincloth and living in a cave, then I am not a responsible New Democrat. I cannot believe the criticism which has been levelled at me. I happen to know a number of New Democrats who are in business. They run successful businesses. I find the line of discussion a little peculiar.

First, I do not think that I mentioned the matter of a condominium in Florida. I tried to explain, during my presentation, that the particular aspect of deindexation was asking a senior citizen, over the next five years, to forgo increases of almost \$1,500. The Minister of National Health and Welfare explained that the money was required to reduce the debt and that senior citizens would not get what they were promised during the election campaign because of that. In my remarks, I said that there might be other ways to reduce the debt. I do not think that it should necessarily be done on the backs of senior citizens. I indicated that capital gains could be used and I quoted from a learned economist who frequently writes in various publications in Canada. One of his articles reads:

—the half-of-one per cent of tax filers with incomes over \$100,000 account for 43 per cent of all capital gains.

In other words, we are talking about a very select few. While I support the capital gains provision as it pertains to farmers and small-businessmen, I do not support the fact that people can obtain capital gains from land speculation in Palm Springs, or by selling property in the swamps of Florida, and that they will not have to pay capital gains on their activities outside Canada. Surely, we should treat Canadians with some respect. We should recognize investment in Canada, not on a global scale. If the provision was restricted to Canadian farmers and small-businessmen, then I would feel much different about it. Why not collect the hundreds of millions of dollars which will be lost each year in forgone taxation, rather than collecting it from the senior citizens of the country?

Mr. Fennell: Mr. Speaker, the Hon. Member did not respond to the point which I made. I would like to make another point. I would ask him not to use statistics such as those which he used. He talked about 43 per cent of capital gains going to people who earned over \$100,000. The provision is limited to \$500,000, which will be phased in over five years. It will only affect, in today's dollars, small businesses. There is a small smoke-shop in my riding which, when it started, was worth approximately \$10,000. Now it is worth approximately \$250,000. We are not talking about wealthy Canadians. Of

course, they will receive a benefit on the first \$500,000. The provision is benefiting the small-businessmen. The Hon. Member for Hamilton East (Ms. Copps) said that she would support unlimited capital gains for farmers. Farmers with \$500,000 in investment have a fairly substantial operation, and \$500,000 is a reasonable investment for a small business. That is what it is addressed to. It is not going to be even the amount of money which is shown in the Budget. I challenged that figure already, by the way. It is not even that amount of money in the first two years. It is a small amount of money. Keep in mind that Hon. Members opposite are interested in creating jobs and we are interested in creating jobs. This is going to create jobs because it is going to encourage people like us, if we were not in this place, to start businesses and create jobs and employ Canadians.

● (1710)

Mr. Taylor: Mr. Speaker, both the Liberal Party and the New Democratic Party are using a tactic, which I think is a scare tactic, on the seniors of this country, and that goes against the grain. The Hon. Member for Kamloops-Shuswap (Mr. Riis) fell into the same trap today. I thought he was going to miss it when he started because he said, in connection with the lack of indexing on the old age security, that a pensioner would lose, I believe, \$64 in 1986. That is bad enough. That is \$5 a month and \$5 is an awful lot to some of our senior citizens.

Then the Hon. Member goes on and goes on and tells us that by 1991 we are going to take \$6.6 billion out of the pockets of the senior citizens. The Hon. Member knows that that is not correct. A Budget is made for one year. The national energy policy, which is one of the worst policies I have ever seen, did not last forever. The next Budget made some changes in it. Again, who knows, inflation may go down and there will be no loss whatsoever.

The Opposition is assuming the worst possible picture of the highest inflation, and then extending it for years, when those Hon. Members know very well that Budgets come down every year. They are assuming that that is the case. When one uses that type of tactic, in my view it is a scare tactic, and that is not being fair to the senior citizens of this country. There is no way that \$6.6 billion is going to be taken out of the pockets of our senior citizens. Our senior citizens know that. What bothers me is when a little lady who has spent her life working and depends on her pension starts to fear that these large sums of money are going to be taken away from her. That is a scare tactic. It's not right. You can tell her that she may lose something if inflation goes up, or if inflation remains at the same point in 1986, but let us not go into 1987, 1988, 1989 or 1991. That is not being fair to the senior citizens of the country. I would bring to the attention of all Hon. Members in the Opposition, including both leaders, that when they use this type of argument, they are being unfair to the senior citizens of this country.

Mr. Riis: Mr. Speaker, I would like to respond briefly to my hon. friend. The inflation rate in this country has been in