

*Income Tax Act, 1986*

are currently under study by the Government of the country. I refer particularly to this proposed minimum tax which makes Canadian equities less attractive. It makes them less attractive because of the treatment that will be accorded to dividend income under that proposed minimum tax. When one considers the combination of the tax-free capital gain of \$500,000 and the minimum tax, clearly an investor has incentive to buy U.S. equities rather than Canadian equities.

The purpose of this amendment is to say that if the Government insists on proceeding on the capital side by providing a tax-free capital gain in the order of \$500,000, then at least let us ensure that it is a benefit to Canada and Canadians, and does not simply result in the export of capital to other parts of the world. This is especially important during this present critical period when the dollar is under so much pressure because of the lack of confidence in the financial and economic management of the country.

I believe it was the Member for Ottawa Centre (Mr. Cassidy) of the New Democratic Party who, at one point in committee, proposed an amendment like this one, but not as refined, which is the reason I did not support it at the time. It was simply restricted to investments in Canada. I think we must go further than that. I do not think that we should be giving tax-free treatment to real estate investment in the country during this period, nor do I think that we should be giving tax-free treatment to the sale of jewellery, art—

*[Translation]*

—artworks here in Canada. What is more important is that those funds be invested in key sectors to stimulate the economy and create jobs. Mr. Speaker, that is the purpose of my motion which is now before the House.

*[English]*

Before I resume my seat, Mr. Speaker, I plead with my friends on the other side of the House. I know that there are many who understand precisely what I am saying. I am pleased with the number of them who are present in the House at this time. I see my friend, the Member for Selkirk-Interlake (Mr. Holtmann). We listened to him yesterday. He was very eloquent, but somewhat misinformed. However, he clearly understands the implications of what we are proposing.

We are reluctantly supporting the provision because the Bill has already been adopted in principle. As a constructive Opposition we are trying to make it better. I insist on that point, Mr. Speaker. Our job in Opposition is not simply to oppose, it is to improve. This amendment is a net improvement which any sensible Canadian would recognize. In fact, if one follows the commentary in the press, one will see that most Canadians have recognized this. However, those who consider themselves bound by Party discipline in Government policy have, unfortunately, so far refused to stand up and be counted on this very fundamental issue. They now have the opportunity because, as I say—

*[Translation]*

—what we have to do here is fair and logical, and it is in the interest of Canadians, particularly in the interest of our own economy. Honestly, Mr. Speaker, I find it hard to understand why our colleagues fail to see the merit of what we are proposing today.

**Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, I am happy to speak about the motion presented by the Hon. Member for Saint-Henri-Westmount (Mr. Johnston). The Hon. Member was speaking about the \$500,000 capital gains exemption and, as usual, unfortunately, he found a negative side to this measure. Unfortunately, when the Government proposes something useful, profitable or economically attractive for Canadians, one or two Members of the Opposition always find fault with it. They say: Naturally, Canadians will go and invest in Florida, but most important, they will invest even more in Florida if there is a minimum tax. Mr. Speaker, they are misleading the House and the Canadian people. We all know that there is also a minimum tax in the United States.

The purpose of the \$500,000 capital gains exemption is to encourage Canadians to invest more and to have a new approach to savings. We have heard and still hear a lot about small businesses: they are at the centre of our policy. Small businesses created the greatest number of jobs in Canada in 1984. Such an effort must be rewarded and we have done so by saying that, when small businessmen decide to retire, they will be allowed a capital gains exemption, they will be able to have somewhat lower costs in their businesses, young people will be able to become more involved in the business, to invest and continue to create jobs and make things work in Canada. That is the purpose of the capital gains exemption.

I shall not go into the details as concerns agriculture where this measure is of vital importance. If the Hon. Member for Saint-Henri-Westmount had a single constituent in agriculture, he would understand what we are saying. But he is more representative of Westmount than of Saint-Henri and I can see that he is not familiar with agriculture.

Mr. Speaker, in the constituency of Trois-Rivières, I meet people every Sunday. I meet farmers every weekend. They are all very happy with our policies. Small businessmen are all very happy with our policies. People who have already retired and have assets in Canada are happy to be able finally to say that they have a better return on their investment. They are happy at the same time that this will help young people starting in business thanks to the capital gains exemption. That is the positive aspect that we should keep in mind.

Sometime ago, during the debate on Bill C-84, I heard a Member of the Opposition say that this was a complex Bill. This is a criticism which was made some time ago. However, the only purpose of the motion presented by the Hon. Member