

Income Tax Act, 1986

New Democratic Party had as many ordinary Canadians supporting it as we do, it would be here and we would be where it is.

The Acting Speaker (Mr. Paproski): I will recognize the Hon. Member for Kenora-Rainy River (Mr. Parry) for a very short rebuttal.

Mr. Parry: Mr. Speaker, we all, of course, anticipate that day.

Mr. Stackhouse: Hope springs eternal.

Mr. Parry: I thank the Hon. Member for his intervention. He is, of course, a living demonstration that when one gets to around the age of 60 one does not necessarily have to be appointed to the Senate or as a high court judge in order to get a job.

I thank the Member for the implied criticism of the Government. If the Minister of State for Finance (Mrs. McDougall) had not stepped out, I am sure the Hon. Member for Scarborough West (Mr. Stackhouse) would have gotten one of the famous glares that can be received in this House.

Very briefly, Mr. Speaker, the Hon. Member knows that he cannot attribute job creation to the presence of the capital gains tax exemption. That is entirely too speculative or hypothetical for even such an optimist as himself to sustain.

[*Translation*]

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, I welcome this opportunity today to discuss the legislation proposed in the Bill to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act.

Mr. Speaker, three important events have taken place since 1917 with regard to our tax system. In 1917, the Income Tax Act was adopted and tax measures introduced. In 1971, the capital gains tax became a reality, and today, in 1986, we are about to amend the capital gains tax legislation.

Mr. Speaker, this Bill is further to the Notices of Ways and Means tabled on May 23, 1985 and November 21, 1984. The proposed legislation is part of a comprehensive strategy aimed at providing for durable economic growth, creating jobs, creating a climate of confidence, and providing a durable and consistent framework for economic recovery. The strategy is already working, and as a result, since September 1984, 420,000 Canadians were able to obtain employment. This means 420,000 new jobs since September 1984.

Through this legislation we are proposing to introduce a \$500,000 capital gains tax exemption. Our purpose is to make this country more investment-oriented.

Mr. Speaker, I shall, if I may, go back to what was said in *Hansard* of June 18, 1971, by the Hon. E. J. Benson, Minister of Finance, who moved, and I quote:

That this House approve in general the budgetary policy of the Government.

Some Hon. Members said "hear, hear!"

And I wonder what they were cheering about. Those were Liberal Members, and they were cheering the inflation that was to result from one of the measures that would prove most destructive to economic renewal and economic development: the taxation of capital gains. They were cheering a measure that slowly but surely would prove to be destructive and devastating, as insidious as getting small but regular doses of arsenic in your food. They cheered, and look what happened. If we set the value of the dollar in 1971 at 100, today, fifteen years later, as a result of this measure it now takes \$306 to buy the same amount of consumer goods you could buy for \$100 in 1971. Mr. Speaker, I call this a Liberal hold-up when Canadian men and women who thought they had managed to accumulate a certain capital, have seen their dollar become a thirty-five-cent dollar in fifteen years. That is what the Liberals were cheering about!

And all this cheering led to an increase in interest rates, up to as much as twenty-three per cent in 1981. So much for their cheering! And it all paved the way for one of the worst recessions in forty years. That was something to cheer about. As a result, many of our businesses have disappeared. Our developers no longer had any incentive. And what happened then? The State was forced to put Canadians on the dole because there were no developers left and nobody felt like opening a business. Anxious to hang on to office for years and years, the Liberals began to redistribute the money borrowed by the State, not its wealth nor its taxes. These days 40 cents of every tax dollar collected are set aside to pay the debt run up by the Liberals.

Taxing capital gains had to be the worst decision ever made since Confederation. Mr. Benson stated that it has been the most significant tax reform since 1977. It was the most significant indeed, in the sense that it also proved to be the most devastating. He was not aware of its full impact, as I have just described it.

To quote him, this measure was intended "to broaden the income tax base through the capital gains tax". The Hon. Member for Glengarry-Prescott-Russell (Mr. Boudria) was not there at the time, but in a moment I will name some of the Liberal Members who were there.

I am referring to the Hon. Member for Davenport (Mr. Caccia) who was in the House a moment ago and who made statements to which I want to respond. The Hon. Member for Davenport had to leave. He should have waited to hear me out, he said something about capital gains and, in 1971, he was one of the Members who voted in the House—