

Income Tax

We are asking them to service these debts and to repay them. How can we rise in our places with a good conscience and say to young Canadians that we are asking them to meet the expenditures we intend to make? The ghost of this legislation will come back to haunt us. It is with us right now. I want to speak for those who will sit in this House in the years to come. They are the ones who will be penalized as a result of this government's actions.

Consider the effect of the decline in the value of the dollar. Bill C-11 provides for a further line of credit in the amount of \$1.5 billion to shore up the Canadian dollar. The Minister of Finance (Mr. Chrétien) indicated he would need an additional \$8.8 billion, which included some \$323 million, according to his calculation, which would be needed in the present fiscal year in connection with foreign exchange transactions. The harsh reality is this: in the last month our foreign exchange reserves have been depleted by \$605 million, and over the year as a whole they have been depleted by \$1.67 billion. In fact we have already spent double the estimated figure in shoring up our dollar during the past month than the minister had forecast for the whole year. If that does not amount to an economic mess, the government is able to explain the inexplicable.

What will be the cost of this line of credit? Our dollar has sunk roughly 13 cents against the American dollar. To what level has it sunk as against the German mark or the Japanese yen? It is a minimum of 20 per cent and it is as high as 30 per cent. That is the legacy of the government, not for today alone but for the future. That is the outlook which tomorrow's Canadians will have to face, in addition to the bleak economic outlook foreshadowed by the Economic Council.

There are provisions in Bill C-11 which I commend. First, there is the general tax cut of \$100 for every taxpayer. I am pleased that the government should at last have followed the advice put forward by the official opposition in this regard. The Minister of Industry, Trade and Commerce (Mr. Horner) chuckles when I say that. But I well remember spokesmen for this side advising the government constantly to that effect.

In its second recommendation, on page 87, the Economic Council said:

We recommend that over the next two fiscal years the federal and provincial governments implement permanent personal income tax cuts which would increase the annual disposable incomes of consumers by a total of \$2 billion in addition to reductions resulting from indexation.

The council goes on to say that this would result in a reduction of approximately 8 to 10 per cent in personal income tax. Mr. Speaker, we cannot think of tax cuts in isolation. We must also think in terms of reducing expenditure. When I took part in the debate on the address I drew the attention of the government to a number of areas in which I believed significant savings could be achieved. I pointed out at that time that the government's advertising budget, telling Canadians about all the good things it was doing, might well be trimmed considerably. Today, the government is the largest single spender of advertising dollars in Canada.

[Mr. Epp.]

If the government and, indeed, the opposition are serious about the need for savings, let us organize a write-in campaign inviting Canadians to get in touch with the government and suggest areas in which expenditure can be reduced. They could draw attention to evidence of waste in the public sector and we could ask the government to follow up their suggestions. As I travel to and from my riding—I am sure other members have the same experience—members of the public constantly call my attention to examples of waste and needless expenditure. They ask, "Why can't you people cut this out?" I have no doubt a great many helpful suggestions would be made if we were to introduce a program of the kind I have mentioned, suggestions which would lead to the elimination of a great deal of the waste which is now taking place on a daily basis. I think we would be surprised at the amount of saving which could be produced. I have only one misgiving: it is the fear that the government would create yet another bureaucracy to administer such a scheme and succeed in spending more money than was saved!

As I say, the tax cuts are commendable. As to the tax cuts proposed for the corporate sector, no matter how we cut economic pie permanent productive jobs are created by the private sector, not by the government. No doubt many of the jobs in the government sector are necessary, but they take from the public rather than produce. So the tax cuts for the corporate sector which the bill proposes should remain.

There has been a lot of argument about the capital gains tax, both in favour and against. The government went half way in the assessment of capital gains and a rollover can now occur in a family farm or small business. The principal owner or owners can sell the farm or small business and buy a larger unit without its being assessed as a capital gain. In other words, it is a deferred capital gain.

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In view of the situation existing in farming areas, where the average age of Canadian farmers is between 58 and 60 years of age, and since sons or daughters or known kin have difficulty in taking over a farm, I suggest that the government should give a farmer, or for that matter the owner of a small business, the right to transfer once during his lifetime the assets of a farm or corporation to close family members. I believe that in that way we can keep small businesses in the hands of families and keep farms in the hands of young farmers who want to continue to farm. I think those of us who come from farming areas have met young farmers who would like to see this happen.

Because of the government's voracious appetite in the past for money to meet its expenditures, it has now gone beyond the point of fair taxation to the level of confiscation. The government is now confiscating what is rightfully the property of private Canadian citizens. This confiscation takes place at the farm, it takes place in business, and especially in small business with the plethora of regulations which have to be followed. But I believe confiscation also takes place among people