

*Statements by Ministers*

things like that. Eighty-five per cent of our recommendations were set aside.

Mr. Speaker, I would like to talk about the banks, since I am familiar with the subject. The Minister of Finance said he had set aside the minimum tax to be applied to banks. Here is an area, a community of institutions which in actual fact have paid no income tax over the past years for a number of reasons, one of which is mainly the use of investment instruments that generate non taxable income. The banks evaded nothing, they simply made use of the law, but one thing remains, they paid no income tax. In committee we looked at several options and we recommended a minimum tax because it allowed the Government to tax profits. What did the Government do? It is going to tax reserves. After his blunders in connection with the Northland Bank, the Bank of British Columbia, the Bank of Alberta, the Canadian Commercial Bank, after fumbling around and engulfing hundreds of millions of the taxpayers' dollars, the same Minister says in this House that he will tax reserves aimed at protecting the savings of Canadians. This is the reason why I viewed a minimum tax as a lot more rational because at least this concept was based on the profits made and showing on the banks' balance sheet. The Minister will now tax capital, and a bank showing no profit would have to pay tax. Will this make the savings of Canadians in those banks any safer? I would like to deal with the insurance companies from across the land which told us here that the Government's policy was wrong, that it would increase by 20 to 40 per cent life insurance premiums paid by Canadians.

Did the Minister listen to the committee's recommendations? Not at all. We might understand he would turn a deaf ear to the Opposition, but he turned a deaf ear to his own Members, the experts in the field. He maintained the 15 per cent tax on insurance company investment. This is the only thing he did: instead of doing it outright, he will do it in two or three steps.

However, the principle remains that there will be a 15 per cent tax on the investment income of insurance companies, which will result in an increase of between 20 and 40 per cent in insurance premiums according to the experts who appeared before our committee.

The Minister believes that he can do anything he wants. He is always consulting, but he throws all the replies that he receives in the waste basket as soon as they come in because he does not know how to listen. For instance, and I shall close with this as my time is nearly expired, did he listen to the coalition of senior citizens who came twice to tell us that the tax reform would affect them and that their taxes increased substantially between 1984 and 1987? I have two examples here. An older couple with an income of \$27,000, which is not that much, saw their taxes increase from \$2,000 to \$3,300 within three years under this Government.

This group of senior citizens, who come not only from Quebec, but from all Canada, appeared before the Finance

Committee. These people came back last week to meet the Minister. Did he listen to them? No, he must have simply thrown their submission into the waste basket since nothing will change for senior citizens.

● (1720)

Their \$1,000 exemption on the first \$1,000 of investment income has been eliminated. They have no protection against inflation. They do not know how they will be affected by Phase II of the tax reform. Senior citizens have been completely ignored.

Mr. Speaker, the credibility of the Government as well as personal initiative and entrepreneurship have been affected substantially by this reform.

Under tax reform, the same Minister who provided a \$500,000 capital gains tax exemption is now proposing to tax capital gains at a higher rate than dividends, on the pretext that this will promote investment and development.

People who take risks and who make capital investments will be taxed at a higher rate if they obtain any capital gains than if they had invested the money in a quiet company and received dividends. This will affect the dividend policy of companies and completely change stock and shares dealings in Canada. After the market crash last October, there is cause for concern about our economic future and our development. Small manufacturing companies will see their tax rate increase from 10 to 12 per cent, and what about the simplification of the tax system, which was one of the objectives of tax reform?

If somebody can show me and prove to me that this reform will simplify Canada's tax system and make it easier for taxpayers, Mr. Speaker, I should like to meet him and listen to him because, after spending weeks with the finance committee, listening to briefs from experts of every description, accountants, lawyers, businessmen, we came to the conclusion that the new system is going to be more complicated than the one we had before.

Mr. Speaker, I will conclude the way I began, by saying that this Minister of Finance reminds me of a highway robber who steals a woman's purse containing \$200, and because he gives back the empty purse he fully expects the victim to be grateful. It does not make sense, the Minister of Finance knows very well that I am right, he knows very well that taking \$22 billion out of the pockets of Canadian taxpayers and handing back a mere \$2 billion— And he expects us to thank him for that. Mr. Speaker, I know my time is limited, so I hope I will have other opportunities to focus on each of these measures and show that the credibility of the Minister of Finance is at its lowest ever because he has given up everywhere under the Prime Minister's election pressure.

[English]

**Mr. Mike Cassidy (Ottawa Centre):** Mr. Speaker, this feels a little like the replay of a movie, because six months ago I stood in the House of Commons and commented on the