

The Acting Speaker (Mr. Paproski): I regret but the Hon. Member's time has expired. Questions or comments?

Mr. Johnston: Mr. Speaker, I listened with interest to some of the comments of the Hon. Member for Kenora-Rainy River (Mr. Parry). He made reference to some of the actions of the previous Government. I do not intend to be an apologist for actions of past Liberal Governments—

Mr. Jepson: There is not enough time.

Mr. Johnston: —because I myself have criticized our tax system in the past. There is room for substantial reform and I hope that the NDP travelling road show will confirm some of the points I have already made concerning the tax system. When we are in Government and bring forward tax reform measures I hope the NDP Members will see fit to support them with the enthusiasm they have manifested here this morning.

Mr. Jepson: They will all be retired by then.

Mr. Johnston: Indeed, many of the Tory Members will be retired by then.

Mr. Jepson: Don't count on it.

Mr. Johnston: The Hon. Member made reference to marginal tax rates. In 1981, the Liberal Government reduced the top marginal rate to 50 per cent, for reasons which were fully debated and explained at that time. The Hon. NDP Member suggested in his remarks that marginal rates should be much higher. Having made that statement, I think it behooves him to tell us what he views as being the marginal rates in excess of 50 per cent that the NDP might like to see applied. Would it go to 60 per cent, 70 per cent, 80 per cent, 90 per cent, or perhaps 100 per cent at some point? Would he be able to give us some response to that?

Mr. Boudria: How much do you want to increase taxes?

Mr. Parry: Mr. Speaker, I would like to assure the Hon. Member that rather than evade the substance of that sort of question I would like to meet it head-on.

I do believe that changes to the marginal rates would have to be carried out in consultation with the provinces. I make no judgment as to the process when marginal rates were reduced. I point out to the Hon. Member that the present top federal tax rate of 34 per cent does not take effect until the average person in that bracket reaches an income in the region of \$70,000 to \$75,000 per year. If there were a change to the marginal tax rates to bring them back to where they stood previous to 1981, they would likely not impact on any taxpayer whose gross income was under \$100,000. So we are talking about a decidedly high income segment of the population.

I would also like to say that this Party would certainly not envisage a tax regime in which, for example, marginal rates reached those that, for example, prevailed in Britain after the war, something which I am familiar with and which I can speak to. I personally do not believe that any marginal tax rate

which resulted in an effective tax rate above 65 per cent would be supported by a future NDP Government. I do not think it would be supported by the provincial Governments, some of which of course might at that point not be NDP Governments.

However, to reduce the top marginal tax rate to between 51 per cent and 55 per cent, as it is today, is to allow those people who have incomes over \$100,000 to escape paying their fair share of taxes which they are perfectly well able to do.

Mr. Stackhouse: Mr. Speaker, I just want to say a few words in response to the Hon. Member's reference to a statement I made in a previous debate on this Bill. I thank him for the quotation. Every knock is a boost and I always appreciate free publicity from the NDP. I want to respond directly to the quotation because it refers to the limited time which there was for the Finance Committee to examine the particulars of the legislation relating to this capital gains tax exemption. I joined him in regretting the limited time, as I am sure every member of that committee did. I was there the night that it was introduced, although he seems to have forgotten that.

● (1200)

However, the reason was obvious to us all, namely, the tardiness of the officials of the Finance Department in bringing the recommended legislation before us. Whatever the justification for the long delay, that was the reality. The committee had no option but to give priority to the rights of the taxpayers who had based their investment policies on the budget proposals, which they had every reason to believe would be adopted, and to act accordingly.

The real concern which the House should have with respect to the capital gains tax exemption is whether or not it has benefited the people of Canada. The record shows that this budget proposal, and many other proposals in the 1985 Budget and other economic legislation and programs of the Government have combined to fulfil the election commitment of the Government to renew the economy. Every economic indicator for months and months has supported the fulfillment of that renewal. The number of jobs which have been created and the number of people who have found renewed hope for themselves by getting back to work indicates the effectiveness of the economic policies of the Government, of which the capital gains tax exemption is a part.

The real purpose of that exemption was not to give a benefit to particular investors, but to stimulate the economy and increase the number of jobs that private investment would produce. The result is there. It is true that you cannot identify a particular job and say that the capital gains tax exemption produced it, any more than you could deny it. However, taking the picture as a whole, we see encouragement to the private sector and investment, and the obvious positive results.

In conclusion, the reference to this budget proposal being in favour of supporters of the Progressive Conservative Party has a strong ring of truth to it. The fact is that we are the Government because of the very large number of supporters that we have. This Budget has been in their favour and, if the