

*Government Orders*

one David Barrett, the former premier of British Columbia, and printed in *The Globe and Mail*.

**An hon. member:** It only lasted three years.

**Mr. Barrett:** Sure, it only lasted three years. Do you know why? It was because the Liberals got into bed with the Socreds. The Tories got into bed with the Socreds. They all represent the same interests. Once they were in the political bed we do not know who was doing what to whom, but we know who felt the effects. It was a political *ménage à trois*, and that is the limit of my French.

In any event, here is an opportunity based on the American experience from the 1930s to fund municipal bonds to provide for a basic restructuring of every single city, town and village in this country. It is very simple. It is so simple the Tories are baffled by it. It will not cost them five cents. It does not cater to the middle class as a tax exemption. It does not give speculative benefits to house buyers in the long run. It is simply an option to provide a low cost bond out of the RRSP and into a municipal bond that pays 4.5 per cent and allows the owners of the bonds, if they keep the capital in the RRSP, to accumulate the interest and at the end of a 10-year period take the money out tax-free and spend it on their kids or spend it on themselves. At the same time we have had 10 years' use of a massive amount of capital.

How much money am I talking about? By the government's own statistics there is now \$103 billion in RRSPs. The next question is: "Where do you think that money has gone?" We are going to deal with that. Do not get impatient, I will take the House through it step by step. Half of the \$103 billion is self-directed.

I understand, Mr. Speaker, that my time is up. Perhaps some merciful colleague will ask me a question so that I can complete this.

**Hon. Doug Lewis (Solicitor General of Canada):** Mr. Speaker, on February 26, 1992, at page 7617 of *Hansard*, the New Democratic Party policy on capital cost allowance was definitely enunciated in the House by the member for Essex—Windsor of the New Democratic Party. He referred to capital cost allowances as "yet another new tax loophole to the manufacturing sector in this country, an increase in the capital cost allowance, which nobody has ever indicated increases investment any place in the world".

• (1240)

We were all astounded by this announcement of New Democratic Party policy that capital cost allowances were a tax loophole. I want to know just how far New Democrats will carry this new policy. Would they suggest the elimination altogether of capital cost allowance? What other wrinkles do they have in the policy they very clearly suggested which will devastate the manufacturing industry of Essex West and the Windsor area? I just wondered if my hon. friend could elaborate on why they are eliminating capital cost allowance from the tax system in Canada.

**Mr. Barrett:** Mr. Speaker, a capital cost allowance under the program that I am outlining would save the taxpayers of this country hundreds of millions of dollars and at the same time have a protected benefit for that investor.

Here is what I am saying. If you have \$50,000 in your RRSP and you lend it to the municipalities through a federal government agency at 4.5 per cent, in a 10-year period you will accumulate approximately \$25,000 of interest inside your RRSP.

**Mr. McDermid:** Tax free.

**Mr. Barrett:** Tax free, absolutely. At the end of the 10 years I suggest—

**Mr. McDermid:** It sounds like a loophole.

**Mr. Barrett:** Oh, it is not a loophole. Wait until I tell the minister how much money we make on it. I suggest at the end of the 10 years you be allowed to take out the amount of money that you made in interest from your RRSP as a lump sum tax free.

**Mr. McDermid:** And it doesn't cost the taxpayer anything?

**Mr. Barrett:** Oh, wait a minute.

**Mr. McDermid:** We want the exact period that it is tax free.

**Mr. Barrett:** Mr. Speaker, it is painful to take these people through a new idea step by step. We had to do it in socialized medicine. We had to do it on hospital insurance. We had to do it on all kinds of programs, but I will take them through it painfully. Perhaps if they would listen they could steal this idea. I would be the last to say