

Income Tax Act, 1986

● (1710)

In a study done by the Department of Finance in 1980, this is what was said about the removal of taxes on capital gains. It was said that this removal would:

- Discourage investment in high-risk and start-up ventures;
- Channel investment funds out of riskier ventures and into safe bets like real estate;
- Encourage real estate speculation and higher land prices;
- Do little to stimulate over-all investment;
- Discourage the small investor;
- Provide a generous windfall for the rich without requiring them to invest further;—

Let me put on the record the views of another tax specialist who works in the Ottawa office of Coopers & Lybrand, one of the largest accounting firms in this country. *The Globe and Mail* quotes Allan Lumsden as saying:

"I wouldn't have thought you'd solve Canada's unemployment problem by exempting capital gains," Mr. Lumsden says.

Our Party is very suspicious of tax proposals such as those which would permit large-scale avoidance of taxes on capital gains. One could make a case for that if those proposals were directed at encouraging useful programs in Canada. I can understand a proposal which would help farmers transfer their farms to their children when they want to retire. I can understand a proposal which would help companies which manufacture goods or provide services become more efficient. However, this exemption of virtually all capital gains for purposes which really benefit no one but the people who have the money to make these gains is something which we certainly cannot support.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: Motions Nos. 2 and 3 were grouped for debate and will be voted on separately. Prior to that, we will vote on the amendment to Motion No. 2, standing in the name of the Hon. Member for Laval-des-Rapides (Mr. Garneau).

Is it the pleasure of the House to adopt the amendment to the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Section 11 of Standing Order 81, a recorded division on the proposed motion stands deferred. Because of the amendment, the vote on Motion No. 2 will also be deferred.

The question is on Motion No. 3, standing in the name of the Hon. Member for Saint-Henri-Westmount (Mr. Johnston). Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Section 11 of Standing Order 81, a recorded division on the proposed motion stands deferred.

[*Translation*]

We shall now proceed with Motion No. 5.

Hon. Donald J. Johnston (Saint-Henri-Westmount) moved:
Motion No. 5

That Bill C-84, be amended by deleting Clause 82.

Mr. Deputy Speaker: The Hon. Member for Hamilton East (Ms. Copps).

[*English*]

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I am happy to be able to support his amendment on behalf of my Party. Obviously young Canadians who in the past and future had hoped to take advantage of what was called a Registered Home Ownership Savings Plan were looking forward to the opportunity to continue to contribute to this plan which helped many young Canadian families get together downpayments for their first homes. In the 11 years of the program's existence, almost 2.5 million Canadians have taken advantage of the tool of RHOSP, the small tax deduction the Government allowed families and single parents who were trying to buy their first homes. Unfortunately, in one fell swoop the Minister of Finance (Mr. Wilson) and the Prime Minister (Mr. Mulroney) removed this initiative to home ownership for young people.

We saw no evidence presented in the House to buttress the argument of the Government that this particular measure was not helping those who needed help the most including young, middle and low-income families. We are not talking about a half a million dollar capital gains tax write-off. That capital gains tax write-off has been supported by the Conservative Party. Here we are talking about a program which allowed young Canadian single parents and couples to put away \$1,000