

Income Tax Act, 1986

existing and future operations. But the idea of this blanket exemption, I would emphasize, applies to a capital gain whether made inside the country or outside. We do not see how this capital gain tax exemption is accomplishing the purpose which the Government states it has. What we do see is that the exemption is rewarding a group which the Government knows is its supporter.

May I return for a moment, since I notice the Hon. Member for Scarborough West (Mr. Stackhouse) is in the House, to the process of the six month hiatus and then the introduction of Bill C-84.

I would like to quote the Hon. Member's words to him. In doing so I would like to say that I naturally make allowance for optimism—that, after all, is a failing we should encourage in all of us—and naturally I make allowance for a certain degree of hyperbole generated by his loyalty to his Party. He said:

I am sure that with the Hon. Member's seniority in the House—

He is referring to my colleague, the Hon. Member for Kamloops-Shuswap (Mr. Riis). Let me continue:

—he is aware that when this legislation passes this stage in the House of Commons it will go to committee for a very thorough study in which I hope the Members of his Party will participate.—The debate in which we are now engaged is certainly not the last opportunity for critical assessment of this legislation, as the Member knows.

It would have been nice if the Hon. Member for Scarborough West had been at committee to see the supposedly "thorough study" which he predicted when he was speaking in the House. I can assure him that that was really not the way it went.

Under this capital gains tax exemption, the investor can benefit from untaxed gains on a wide range of capital property. It could be a condominium in Florida, which I gave as an instance in my first speech on this Bill, or it could be foreign securities, really any assets on a world-wide basis. We do not see the benefit that this will bring to the small business sector and to job creation in the business sector in Canada.

There are some good points to this Bill. I will make brief mention of them. One is the proposal to allow a tax credit of \$700 to an individual investing in a labour-sponsored venture capital organization. That, with the relatively simple and short drafting process it entailed, is going to do a great deal more for investment in small and medium sized businesses than the plethora of clauses which were needed to institute the capital gains tax exemption.

My Party is in support of the surtax on upper incomes. What I would say is that it appears that all the things we see in this Budget as being in any way in support of fairness or equity are temporary, and all the things that hit ordinary middle and lower income Canadians seem to be permanent. That is a telling criticism to which the Government should pay some attention.

It amuses me to hear my colleagues in the Liberal Party, those who were responsible for the abolition of marginal tax rates above the present level, talk about tax fairness. One of

the things we in the New Democratic Party will be doing in the coming weeks is travelling to centres in Canada with Tax Probe '86, a commission which will be chaired by my colleague, the Hon. Member for Kamloops-Shuswap.

● (1150)

I would like Hon. Members of the Liberal Party to reflect on the difference between the taxes paid by upper-income earners under the present regime, which of course the Government has not changed, compared with those payable under the tax regime abolished in 1981.

One of the things we are going to be doing in Tax Probe 1986 is of course looking for examples of unfairness, inconsistency, incoherence and uneven application in the tax system. Since we have the medium of television available, I would like to say to all those who may be watching that we welcome their participation in bringing forward any such instances they can find.

Turning again to Bill C-84, it is best summed up as the legislative concretion of an insider's Budget. It was a Budget designed to reward the few without overly aggravating the many. We found out—and I say more power to Canadians because of it—that the many were indeed prepared to be aggravated when they saw manifestly inequitable measures being introduced. This Bill is the homage that the Progressive Conservative Government is paying to its supporters, and it appears that that homage shows a certain disdain for the ordinary taxpayers of Canada.

The National Council on Welfare, commenting on the changes to child benefits, said that after the various changes are phased in, raising the child tax credit, lowering the turnover point for the child tax credit, reducing the children's exemption, and partially deindexing all family benefits, even the poorest parents—and I underline those words—will receive less than they would from the existing child benefit scheme. Contrast that with the Government's \$500,000 capital gains tax exemption. That is not the sort of sum the average low-income person is able to earn in a working lifetime. That is a sum completely beyond the bounds of the imagination of the poorest 20 per cent of Canadians. The fact that we have that kind of an exemption in a Budget which is taking from the parents of poor children will stand as a telling indictment of this Government and its legislative priorities.

To cover a couple of more points before I reach the end of my time I would like to refer to the deindexation of personal income tax brackets. Although we have to go back a long way before we find something to give the Liberal Government credit for, we can give it credit for having the sense to introduce indexation to ensure that the Government did not profit from inflation. That was a laudable objective. Now we see the Progressive Conservative Government removing the first 3 per cent of that indexation, making sure that in future the Government will get its pound of flesh from the operation of inflation on our monetary system.