

billion of that. One can well imagine what \$1.2 billion could really have done to research establishments in this country. Had we had some genuine research coming out of that \$3 billion, the country would have been much further ahead. Instead, we heard the universities, the National Research Council and all the scientific bodies in this country, including the granting agencies, crying out for money. They had to cut back programs and cut back on research and development.

I am certain that some legitimate research took place as a result of this scheme. After all, if one is going to throw \$3 billion to the wind, some of it is bound to stick and some legitimate research is bound to come out of it. But I think every Member of the House will agree that a very small percentage of that \$3 billion actually went into legitimate new research.

The history of the scientific research tax credit is an important example for all Members of the House. It is an example of the Government attempting to direct economic and social programs and policies through the tax system. In this particular case it illustrated a desire to put money into the hands of small research establishments which could not benefit from tax credits and tax losses because they were already operating on a business loss. There was a very worth-while purpose behind the SRTC. One thing we have to learn from it is that it became an invitation for one of the most major tax scams in the history of this country. And the story is not entirely finished yet. I think research will show that some of the most prestigious accounting and law firms were involved in offering advice to clients who saw the loss of some \$3 billion of public revenue.

My Party will continue to press for tax reform. We will continue to press to ensure the plugging up of these tax loopholes and those opportunities which allow large corporations and wealthy individuals not to pay any tax at all.

● (1620)

While the Government and the Minister of Finance talk about tax reform, about removing the number of loopholes and deductions and about broadening the base and therefore being able to reduce the tax rate, the real action on the part of this Government in the form of its two Budgets has in fact done the very opposite. While the Government has plugged up a few loopholes, it has opened up that many more. Certainly the capital gains tax exemption is an example of this. One can receive \$500,000 in one's lifetime and not pay one cent of tax on it.

Mr. Cassidy: Good times for the rich.

Mr. de Jong: It is certainly not something that will benefit the average Canadian taxpayer.

Mr. Blenkarn: Why don't you talk about the Bill?

Mr. de Jong: It will only benefit those who have capital gains of \$500,000 in a lifetime. How many individuals have that? Very few of them do.

Income Tax Act

Mr. McDermid: Ask the farmers.

Mr. de Jong: I heard the Hon. Member mention the farmers. With the price of farmland going down and with billions of dollars in lost capital in the prairie regions, the capital gains tax exemption will not be of much benefit to them either.

In this legislation there is the proposal to make certain that rich folks simply do not continue not paying any tax at all. It introduces the minimum income tax. I have here a document entitled "The Tax Letter". It is put out by one of the more prestigious accounting firms in Toronto.

Mr. Riis: What does it say?

Mr. de Jong: "The Tax Letter" of January 23, 1986, has as its general heading: "Yes, you can beat the minimum tax".

Mr. Riis: You can?

Mr. de Jong: Indeed you can, Madam Speaker. In fact, six different ways of escaping paying any amount of minimum tax are listed. I see that our dear Chairman of the Finance Committee has a grin that goes from ear to ear. I am sure he himself has figured out many of these six different steps. Perhaps he has even discovered seven or eight different ways to avoid paying a minimum income tax.

Mr. Cassidy: His grin is even wider now.

Mr. de Jong: The chairman of the committee knows, as does every member of the finance committee that the Government will not collect significant revenues from the minimum income tax. They recognize that only the unsophisticated taxpayer will be caught paying a minimum income tax and that the sophisticated taxpayer will not pay one cent of a minimum income tax.

I could go on to outline some of the ways in which individuals can avoid paying the minimum income tax. However, I will not do so on this occasion. I am certain that the finance committee will deal with many of them in a more specific way.

A small progressive step in the legislation before us is the child tax credit. This amount will be sent out to those who are eligible—

Mr. Blenkarn: We've already passed that Bill.

Mr. de Jong: Now that the Government has implemented this policy, the strange aspect of it is that there has been a total foul-up in the implementation of it. A great many low-income families and single-parent families eligible for the child tax credit move around. The Government is sending out the cheques to the addresses used to file income tax returns the year before. Lo and behold, tax credit cheques are floating around the country into mailboxes and homes from which families have already moved. I am afraid this is another indication of the Government not properly thinking through the administration of its own programs. It is another indication of the mismanagement of the Government. It simply could not operate a lemon stand.