

**Mr. Fontaine:** Once again, Mr. Speaker, it would be in the interest of my Liberal colleagues to listen to me instead of making those unintelligible noises that should not be heard in the Parliament of Canada.

The Economic Council of Canada—people hired and paid by the Liberals—mentions that there is considerable confusion at the taxation level. These people are not politicians but experts whom you hired and who have stated that Canadians are too often tempted to invest in fiscally but uneconomically profitable investments. The taxation system of the Liberal Party, and I quote:

—promotes investment in activities providing the highest yields after tax rather than in more productive activities providing the highest yields before tax.

Finance Minister Wilson, with his Budget brought down on Wednesday, has had his first try at improving our taxation system. Mr. Speaker, our economy is in good hands. Only the Opposition is unhappy but for other reasons. During the weekend in Quebec, I hope that they will continue to reflect, while missing some of their former colleagues, on their past mistakes and that they will do so for many decades to come. Thank you, Mr. Speaker, and God bless them!

**The Acting Speaker (Mr. Paproski):** Questions and comments.

● (1440)

[English]

**Mr. Riis:** Mr. Speaker, I have a couple of questions for the Hon. Member. How would he explain that since the Budget was introduced the Canadian dollar has been falling on the money exchange? The reason it has not fallen even further than it has is likely because the Government of Canada—

**Mr. Dick:** Likely!

**Mr. Riis:** I will say, then, the reason it has not fallen further is because the Government of Canada through the central bank has been out in the money markets purchasing literally hundreds of millions of dollars of our own currency, to give the impression that people have faith in it.

Does the Hon. Member believe that a person working in a sawmill or an office and receiving \$10,000 per year should pay income tax at the rate of 20 per cent, whereas if that same person obtains \$10,000 from selling land in Arizona or speculating on the Hong Kong stock exchange he pays no tax as a result of the capital gains tax exemption? Does he think that is fair?

[Translation]

**Mr. Fontaine:** Mr. Speaker, in reply to the first question from the Hon. Member for Kamloops-Shuswap (Mr. Riis), I should like to point out that Canadians have favourably reacted to our Budget. The Canadian Federation of Independent Business which is somewhat representative of small businesses, the locomotive of small businesses, as well as the major Canadian dailies, the Conseil du patronat du Québec and

#### *Borrowing Authority Act*

other organizations have made some quite constructive comments. The business community speaks very highly of our Budget.

And when you tell us about the effects of some of those taxes in specific cases, I am pleased to reply that you have forgotten to mention that our Budget—and you are giving me the opportunity to do so and I will try to explain it to be understood—which is promoting economic renewal, and giving confidence to the business community, will decrease demand for Government loans and make more funds available to the private sector. More funds being available, interest rates will be reduced. And when money costs less, you and I, and Canadians generally, when we borrow, especially for home mortgages, we are looking at average loans of \$50,000, and our mortgage loans will cost us perhaps 3 per cent, perhaps 4 per cent, less a month, and this means \$1,500 to \$2,000 less, as against the \$300 to \$400 in taxes that the Budget proposals will perhaps be costing us.

This means each and every Canadian benefits from our Budget proposals. This is what you forgot to figure out. You are always trying to figure out the smaller items you yourselves find objectionable, because of your socialist philosophy. But you can never give the people the actual measure.

This, Mr. Speaker, is my answer.

**The Acting Speaker (Mr. Paproski):** The Hon. Member for Kamloops-Shuswap (Mr. Riis) for a supplementary.

[English]

**Mr. Riis:** Mr. Speaker, I have a very short supplementary question for the Hon. Member. Perhaps he did not understand my question. Why is the dollar falling so drastically? Why is it requiring central bank intervention? Why should people who make capital gains income from speculating on the Hong Kong stock exchange not pay tax on it?

[Translation]

**Mr. Fontaine:** Mr. Speaker, I understood the question perfectly, but I do not suggest the Hon. Member understood my answer well. The Budget message is clear. It is a message of renewed confidence in the Canadian people. It is a message sent to the 750,000 small and medium-sized businesses in Canada. We are telling them: "Hire people, now you can keep a larger part of your profits, you can expand". We are putting back the spirit of entrepreneurship that had been chased away by the Liberals in some cases where you were in bed with them, you people of the socialist parties. Therefore our message is clear. It is a message of renewed confidence, with specific items. We will give business people, those who sign paychecks on Thursday night, an opportunity to hire more people. This is how we are going to solve the unemployment problem in Canada.

They will have confidence, they will be interested in developing businesses, they will be allowed to have dividends from their own businesses without being taxed, as it had been