

*Statements by Ministers**[English]*

After having increased taxes by \$22 billion in three years, now, on the eve of the election the Minister comes to the Canadian people and says he will return \$2 billion in 1988. Big deal! There is still a net increase of \$20 billion that the Canadian people are going to have to pay because of this Government. The trick he is using is unbelievable. This is why I am saying to the Minister of Finance that he is playing with his credibility a lot. I do not think the Minister can stand that for very long.

The Minister announced in June that he would cut the R and D credit. Companies that invested in research and development could have deducted 100 per cent of the net taxable benefit the company had. He decided in June to cut by half this tax credit for research and development, and today he announced with a smile on his face that he is now increasing it to 75 per cent. The conclusion is a net decrease of 25 per cent, and he announces it as being an improvement. God knows we need research and development. You are playing with your credibility, Mr. Minister.

When the Minister says he is going to give back to families a certain amount of money, he is playing with his credibility, because in 1985 he took from Canadian families \$200 million because he partially de-indexed the family allowances cut the child exemption to the level of the family allowances and increased—and I take that into account—the refundable child tax credit. But altogether in the process, in the year 1988, he put \$200 million in his pocket. Now, on the eve of the election, he is returning \$150 million by increasing the refundable tax credit by \$35. This is what the officials have told us. So altogether the Minister nets another \$150 million, and he is telling the Canadian people that he brought more fairness to the system. That is a farce.

Let us talk about the flow-through shares. In June the Minister decided that the earned depletion would disappear in two steps, first, sixteen and two-thirds per cent for 1988, and zero for 1989. Now it is a big deal. He says he is improving the system. He will keep the sixteen and two-thirds per cent for 1989. Yet the earned depletion allowance of 33 per cent will disappear. The Minister says in his speech that he will protect this to help regional development. I say to the Minister of Finance that he is playing with his credibility because he is not telling the truth. He has hit hard the Canadian taxpayer and now he is returning a little amount of money and saying: "I helped you".

*[Translation]*

Flow-through shares: the Minister of Finance (Mr. Wilson) has just lowered the boom with respect to flow-through shares, for two reasons. First, he does away with earned depletion.

What he had announced on June 18 remains basically unchanged, except that he prolongs the agony for one more year. But because he cuts the earned depletion in half and, second, because he will tax capital gains at a rate of 75 instead of 50 per cent, he makes the operation of flow-through shares almost inapplicable. And that is what we have been hearing throughout Canada, not only in Quebec, people have been saying just that in British Columbia, Alberta, Manitoba, Northern Ontario and Northern Quebec. They told us that the measure of the Minister was going to kill investments in smaller oil and mining companies.

All he is doing today is to decide to maintain the system. I would ask the Hon. Member for Abitibi (Mr. St-Julien) and the Hon. Member for Témiscamingue (Mr. Desjardins) what they are going to tell their constituents, after promising them that the Minister of Finance would keep the earned depletion at 33.3 per cent. What is the Minister going to say to small businesses that have asked . . . Again yesterday I was reading the statement of Maritime residents who told us that the way the Minister applies the \$500,000 capital gains tax exemption only on shares will make it impossible for them to use the tax benefit which the Minister is bragging about. In fact only big companies will be able to benefit from the sale of shares.

You know, Mr. Speaker, according to the measure announced by the Minister, a family company which would be as big a monopoly or consortium as Eaton's or Power Corporation is considered to be a small business.

• (1710)

*[English]*

Can one imagine Eaton's as a small business that will get the advantage of the \$500,000 capital gains tax exemption? Is that what you call fairness? A small business owner who is not incorporated and wants to sell the assets will not benefit from the exemption. Is that fairness?

I suggest that the Minister of Finance is playing with his credibility. The House will recall that, before the election in 1984, he made a number of statements, one of which was that "We would cut spending. We would not raise taxes. Tax levels in Canada are already too high". The Minister said that in March, 1984, before the election. After the election, he increased taxes by \$22 billion, which is the largest tax increase in three years that we have seen in Canadian history.

In November, 1984, after the election, they said that Canadians pay a pretty sum in taxes and they feel they pay quite enough. The Prime Minister (Mr. Mulroney) said this as well. They said they would not increase taxes, yet they have increased them by \$22 billion. Just before the next election, the Government is bragging that it is returning \$2 billion.