

introduced into this particular legislation, what we are saying that we in the Liberal Party have a real belief in the ability of this country. We believe that as Canadians we can compete in the international market. We believe, as Canadians, we can build this economy and make it strong. We also believe that we have an interest in protecting our own economy. We have an interest in determining that this particular capital gains measure applies only to investment by Canadians for Canadians in Canadian jobs.

[Translation]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I only want to take a few minutes of the time of this House. I would like to make it clear to Hon. Members that the amendment proposed by the Hon. Member for Saint-Henri-Westmount (Mr. Johnston) concerns a tax measure that is incredibly regressive in the worst sense of the word, that is, it enables certain people in this country to invest, to make profits and to reduce their taxes by using this measure, this capital gains tax exemption of \$500,000, over a certain number of years, which in my view represents a potential loss of revenue for the Government. If we go according to the figures we have seen, the potential loss of revenue for 1985-86 would be \$300 million, which means that the Government is losing \$300 million to the rich, while by 1991, the Treasury will have lost \$1,250,000,000, and the money will then have to come from the average Canadian, from Canadians who work and who do not have enough income to take advantage of this tax measure.

[English]

The purpose of the amendment is very clear. It is a proposed amendment to Bill C-84 to amend Clause 58 by adding immediately after line 39 at page 90 the following, "qualified Canadian property of an individual means a property that was a Canadian security within the meaning assigned by subsection 6 of Section 39". It is complicated. It means essentially that investments that are eligible should be Canadian investments. That purpose of the amendment and only that purpose is to try and convince this Government that there is no benefit to Canadians by investing in foreign countries and allowing those investors to deduct that income from their income tax, or allowing them to use that deduction as a fiscal advantage in Canada.

I do not want to speak too long because we want to get to other amendments. I endorse what my colleagues on this side have said. We must try and convince this Government that there is a Canadian reality, that there is a Canadian interest at stake. For God's sakes let us not give these advantages to people who invest in foreign countries. Let's have our investments here in Canada, make jobs for Canadians and allow Canadians to use those advantages to the betterment of the Canadian economy.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I do not intend to go over all the criticisms of the Budget which we have made in previous debates. Members of the House including Members on the Government side should know that the

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Budget proposals have been criticized and attacked by virtually every group representing our senior citizens, family groups, welfare groups, anti-poverty organizations. Recently the Anglican Church published a report entitled "Poverty in Canada". In dealing with this Budget it said, and I quote:

In the midst of some of the most difficult social problems we have ever faced as a nation the federal Government presented its Budget. This Budget was to be the response of a caring Government after months of consultation and negotiation with big business, labour, small business, churches and community groups. The result was an economic move to the right that will directly affect the lives of millions of Canadians who are already feeling the effects of poverty.

Dealing with this particular proposal of the Government to take away any taxation on the \$500,000 capital gains which any Canadian may accomplish, it said, and I again quote:

The capital gains tax will boost substantially all those people who already have money.

That argument has been put forward not just by the kind of people who try to represent the interests of ordinary Canadians who are in the lower income brackets. Opposition to the Government's proposal has been made by people who have not been particularly interested or involved in defending the rights of ordinary citizens. It has been made by tax experts who usually spend their time telling wealthy individuals and corporations how they can avoid paying taxes, how they can reduce their tax burdens.

William Lowler, a former official in the Department of Finance Tax Policy Division, and a technical adviser to the Conservative Task Force on Revenue Canada in 1984, reported in *The Financial Post* of November 30, 1985, in connection with this proposal of the Government that it will have a disastrous effect structurally on the tax system. He said regarding this particular proposal:

Its scope is too broad. Although many would support lower taxes from the sale of Canadian common stock, practitioners fail to see how tax free gains on the disposition of jewellery, summer cottages, or Florida condominiums provide much benefit for the economy.

Then he said:

The exemptions destroy the neutrality which has existed between the taxation of dividends and capital gains.

He says that this neutrality is vital to the successful integration of corporation and personal income tax. John Bossons, an economist at the University of Toronto Institute for Policy Analysis, stated:

The prime beneficiaries of the tax exemption will probably be real estate speculators.

I ask Members on the Conservative side who are so concerned, as we all are, about finding jobs for the 1,125,000 Canadians who have not got jobs about making our manufacturing industry more efficient so that it can compete both in Canada and in international markets for sales, thereby providing profits for the companies and jobs for the workers. How will this kind of real estate speculation provide jobs? Who will it benefit except those speculators? Who will it benefit but those speculators?