

*Income Tax Act*

But today the reaction sets in and they realize the time has come to bring about some changes. Clause 4 deals with corporation loans to enable an employee to buy corporate shares which are not to be included in income. While I was working in industry, I participated in the purchase of shares of the corporation capital stock, an indirect form of participation in company profits by the employee. At that time, this was not taxable but the present government has found a way to levy its share. Bowing to the pressures of some opposition members, of employees of corporations involved and, I must add honestly, of some government members, we see that the government goes back on decisions it has made a few years ago, but only after a lot of pressure, and particularly after having created the problems itself.

If one examines all the clauses in Bill C-56, one realizes that in every sector the present government itself has created the problems. It is now backtracking, due to opposition pressures for changes, trying to make people believe it is bringing about some changes while trying at the same time to make the same people forget that it should be held responsible for those problems.

Clause 6 talks about the 50 per cent allowance on the amount for research and development. How many years have Canadians been asking for better research and have we, of the Social Credit Party of Canada, suggested better or more direct assistance to our universities so as to have better research? It is not only a matter of helping the companies, but also of helping the research centers in our universities more adequately than at the present time. This is not mentioned in the bill. However, there is an acceptable concept which allows a tax deduction for research and development. Clause 13 concerns the revenue and the properties sold to the Crown. Clause 14 concerns farm transfers without capital gains.

Once again, this is an acceptable provision that the opposition has been requesting from the start. Here is another example: which government was it that implemented the capital gains tax if not the present one? At that time, representations were made to exclude the farming industry. It was included anyway. Perhaps because there is a possibility of elections, the Minister of Finance is now prepared to reverse the position of the government and to exempt farm corporations from the gains tax when the land is transferred to the children or the grand-children of the owner. This is certainly an acceptable provision, but it has resulted from the bad administration of the government which, after a few years, must now do something to correct the unfavourable effect of a provision that it implemented.

Clause 29 allows the Northwest Territories to instaure an income tax system so that in their present economic and financial system, the residents of the Northwest Territories will learn what public debt means, what it means to borrow from other countries and to pay interest on those loans in the form of income taxes. We are now showing the last area of the

country which is still ignorant of all this how to get into debt by allowing it to collect income taxes.

Clause 30 is certainly the one which should not be included in Bill C-56. As I was saying at the beginning, generally speaking the provisions of the bill are indeed acceptable because these are corrections brought upon in the wake of the disastrous administration of this government mainly since 1974. Clause 34 deals with retirement savings which one will be able to collect between the age of 60 and 71, and again contains rather interesting features. Clause 36 deals with the premiums on life insurance, clause 59 deals with the tax rebate to the provinces and the deductions provided in clause 30, this is a provision designed to confirm them. Yet above all I would like to go back to deal with clause 30 and that part of it which has been so highly debated since the presentation of the April 10 budget. As I mentioned earlier we have heard everything when the hon. member for Comox-Alberni (Mr. Anderson) suggests that the fact of criticizing the attitude of the government in its underhanded actions towards the rights of the provinces should be an acceptable pattern for future negotiations, and I find regrettable that such remarks can be made in this House.

I read the speech of the Minister of Finance (Mr. Chrétien) and that part which deals with clause 30 of Bill C-56, about which the Minister of Finance takes pride in the speech he made on May 17 and which can be found at page 5519 of *Hansard*. With reference to the last quarter he said, and I quote:

In real terms, the sales in those two months were 6.1 per cent higher at an annual rate than in the fourth quarter of 1977. This suggests that the \$100 tax cut early this year has helped boost consumer demand.

It is obvious that a tax reduction favours consumption and the Socreds have been calling for several years for such exemptions and tax reductions in order to allow a rise in the purchasing power of the population. We have also suggested a consumer compensated discount so as to increase the purchasing powers of individuals. Meanwhile, the Minister of Finance, the Prime Minister (Mr. Trudeau) and the members of cabinet have always repeated that we did not understand anything and that the theories of the Social Credit did not make any sense; yet, when the decision is finally made to reduce the federal income tax by \$100, they automatically start boasting that they have increased the consumption for the benefit of the people. And that is the solution to the problem of inflation we now have. Not measures like those advocated in clause 30 whereby the ball flies back and forth to the provinces and the federal government, no, but direct measures under federal and not provincial jurisdiction.

A little further in his speech, the Minister of Finance tells us he succeeded in establishing higher import tariffs to preserve and protect the Quebec clothing and footwear industries. Heaven knows how many years we have been urging higher tariffs to limit imports and protect our own industries. Here