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Even the United States has an inheritance tax. The United States also considers capital gains to be like any other income. In other words \$1 of capital gains is taxed like \$1 of regular income. But not in Canada. That \$1 of capital gains is only considered to be worth 75 cents for taxation purposes.

Once again we are one of the very few OECD countries that says to people: If your income is from capital gains we are automatically going to give you a 25 per cent tax break before we even start considering it.

Again I have to ask, why the tax break for those who earn their income from capital gains as opposed to someone working in a radio station, a factory or a plant? Why do we distinguish between those two kinds of incomes? Why do we let those people who inherit vast amounts of money off, not to pay any income tax at all on it? Again, we are one of the very few countries in the world that does that.

I could also ask about the family trust provision. Here is the mother of all loopholes. I believe there is now universal agreement that if there is a tax provision that has to go in this budget, it has to be this family trust business. The tax experts told us this provision was brought in to protect only the very wealthiest families of Canada. Must we have a special tax provision that costs us many hundreds of millions of dollars to make life easier for the very wealthy in Canada? I think the reaction to that is no.

We will be watching very closely to see what the Minister of Finance does when he brings in his budget in a few days and whether or not he says: "We are going to take this loophole of loopholes, the mother or father of all loopholes out of the system". If he does that, then I think we can legitimately say that yes, there is some balance to the budget.

For example, he should tax the inheritances people receive, let us say, over \$1 million or \$2 million. I am not talking about people who inherit the family farm or the person who inherits a small business or the family home or whatever. I am talking about people who inherit \$2 million, \$3 million, \$5 million or \$10 million. Why should they not pay tax on that? They would if they were in virtually every other western industrialized nation, but not in Canada.

A whole set of questions must be asked about the loopholes in the system. I am very happy to see that the Minister of Finance has now acknowledged this. We will be watching carefully as he attempts to close off some of these loopholes in an effort to make the tax system a bit fairer.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am pleased to try to respond to the very windy comments of the hon. member for Kamloops. With his typical hyperbole he

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went on to grossly exaggerate the deficiencies of the Canadian tax system, I am sure for the benefit of his viewers in Kamloops.

He sounded a little like the premier of Ontario did when he was in opposition, and we have all noticed how he has changed his tune since he came into government. Of course he has made the worst mess we have ever seen of any government in any province. I suspect the hon. member for Kamloops would agree with me if he lived in Ontario. He does not, so he has missed out on some of the worst aspects of NDP rule in our province.

The NDP is involved in the tax system in Ontario and the Ontario taxpayers are complaining about high taxes. What they have not fully realized in every case is how many of those taxes are charged by their provincial government. It has really slapped it to Ontarians in a big, big way, in spite of having a massive deficit and total incompetence in its government and running the economy of that province.

I agree with him that the fundamental basis of a sound tax system is that everyone pays his or her share. When a minority of taxpayers are able to avoid paying their fair share, the legitimacy of the whole system suffers.

Like the hon. member for Kamloops, the Minister of Finance and indeed every member of this caucus is committed to trying to restore an element of fairness to our tax system. But the government in fact has already taken steps to do that. It did it in the last budget.

I did not see the hon. member for Kamloops applauding the minister on budget day last year. I am sorry he did not, but I can safely tell you, Mr. Speaker, and I know you will agree, that none of us have ever seen the hon. member for Kamloops applaud a budget in this House.

There is a good reason for that. None of them has been an NDP budget. If there had been one, no doubt he would applaud it. But as long as the budget is presented by any other party, no matter how fair it is, he will say it is not fair enough for him. He does not talk about Bob Rae's budgets. If he did, I think he would be complaining about the lack of fairness. I am sorry we are not able to hear his thoughts on that tonight.

I want to point out examples of some of the things the Minister of Finance did last year in his budget.

He eliminated the \$100,000 lifetime capital gains exemption that had been put in by the previous government that benefited high income individuals almost exclusively. The deduction for business meals and entertainment expenses was reduced from 80 per cent to 50 per cent, another item that benefited substantial taxpayers. Large Canadian controlled private corporations are no longer eligible for the small business deductions which benefit small business and which the hon. member for Kamloops ignored in his remarks. I think that is important.