

Borrowing Authority

An Hon. Member: That is not true.

Mr. Riis: Let us just say that one has a \$100,000 capital gains tax-free, whether or not one likes it. We are one of the few countries in the world that does not consider capital gains as regular income but privileged income. Of course, that is to be expected from that Government.

• (1530)

Second, why is there a provision in this country whereby 89,000 large profitable corporations do not pay a single penny in income tax? Will the Hon. Member identify one other country that would allow this for tens of thousands of large profitable corporations, including for example the Bank of Montreal for some years, the Royal Bank for some years, General Motors for some years, and Mobile Oil? Why would we not tax these companies when they make hundreds of millions of dollars in profits but do not pay one cent in income tax? Can he identify another country that would allow this to take place?

If he wants to reduce the deficit in a fair and just way, perhaps it is about time we started asking the large corporate sector to pay their fair share. Right now they pay nothing, in many years. As well, the Government should start taxing capital gains as regular income.

Mr. Blenkarn: Madam Speaker, I will answer the second question first and the first question last. He will be pleased with the Budget. Large corporations with over \$10 million in assets will now pay a minimum corporate tax.

Mr. Riis: What rate?

Mr. Blenkarn: The rate is not as large as it might be, and maybe the tax has to be altered. We will be dealing with that matter in the Finance Committee.

I want to point out to the Hon. Member that we are now in a situation where every corporation with over \$10 million in assets, whether it makes money or loses money, will be paying some form of corporate tax. That is even if it is losing money.

Most people normally say one should not pay tax if one does not make any money. But even if the company loses money it will be paying this minimum corporate tax. For that reason, I am surprised that the New Democratic Party has not stood on their chairs and cheered, instead of walking out.

Let us deal with the capital gains. The Member will know that the United States is the only industrial country in the world that taxes capital gains at the full rate. He will also know that the United States will probably alter its rate almost immediately to reduce substantially the capital gains taxation it has.

In Germany, if the gain is over 10 years it does not tax it. The United Kingdom indexes capital gains at the rate of inflation. A year ago the Finance Committee suggested that capital gains tax be indexed to the rate of inflation. The Hon. Member will know that advisers to the NDP agreed to that. He will know that this position has been put forward to the Government. There may well be some changes in our system.

In any event, what we do right now is tax all gains this year at 66 per cent of the gain as taxable income. Next year it will be 75 per cent of the gain as taxable income.

Mr. Riis: There is \$100,000 tax-exempt.

Mr. Blenkarn: There is an exemption over the entire lifetime of a person of \$100,000, which makes it possible for the ordinary sensible young Canadian to buy a cottage or something of that nature and not have to worry about paying tax on it. It makes it possible for that ordinary Canadian to buy a share in a small business and if it goes up he can get away without paying tax on it. The ordinary person can be exempt from some minor amount of taxable income in his lifetime.

I do not know what ordinary people are, but it seems to me that is ordinary help for ordinary people.

[*Translation*]

Mr. Douglas Young (Gloucester): Madam Speaker, I welcome this opportunity to take part in the debate today on a bill to provide borrowing authority, a very important piece of legislation.

[*English*]

I think there is a great deal of justice in the House that perhaps happens accidentally. I was interested in listening to the hon. chairman of the Finance Committee. I am not surprised why he sits so far to the right.

The chairman of the Finance Committee said that we should make suggestions, that the Opposition was very negative, that we opposed everything in the Budget and could not find anything that was appropriate. One of the advantages to that is that it puts us in with a majority in this country.