

Government Orders

businesses look at rapid depreciation within their businesses which are all different and all unique.

• (1540)

We can say we do not want the mining sector and indeed that is what is happening in this country. The mining sector is going south. The mining sector says there are too many inhibitions to set up here in Canada and that it is cheaper to set up in Chile. That is because of the tax regime. We have to remember how they got going. There were also tremendous tax incentives to get those businesses started. There is not any country in the world that does not use the concept of some kind of form of favouritism of various sectors it wants to promote.

Today we want to promote our science and technology sector. Our government is now giving something like \$1 billion away in scientific tax credits. These scientific tax credits are to provide an underpinning that Canada will get into the science and technology revolution which we see creating jobs in the small and medium size business sector in Canada I feel that those science and technology tax credits are misguided. They are not going to the small and medium size companies that really need them. A lot of that expenditure is being focused at the multinational level and larger corporations. It is not actually doing what we want it to do.

That is the kind of debate we need in the House. That is the kind of change to our tax system we need in order to fine tune it, so that it is working in the best interests of all Canadians and creating jobs. Simple solutions for complex problems are not going to do that.

This bill, of course which I support, is a money bill of the government and it is one necessary aspect of the 1995 budget. I am happy to be part of a government that continues on its commitment to meet its objectives which were laid out in that budget.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I will address some of the comments made by the member for Durham, specifically his attack on a flat tax. Based on the way he was making his comments I do not believe he understands what the flat tax is. The flat tax is a simple equitable system for all taxpayers. It will greatly increase the incentives to work, invest and save.

He talks about the problem in this country. The problem is the debt and the high taxation levels. It is not the deficit. We can change the deficit: just raise taxes, lower spending and it is gone any time we want to. This government is saying that the deficit is the problem and it is going to reduce the deficit to 3 per cent of GDP. The government is adding to the problem. It is digging the hole deeper by adding to the debt.

We need to look at our spending. We need to look at a way of stimulating the economy, developing a taxation system that is

pro growth, something that will get the government off our backs, out of our pockets and leave us alone with more disposable income.

In the name of deficit reduction, I am getting sick and tired of government after government not addressing change in the taxation system. We need fundamental tax reform. Every other country is looking at their high rates of taxation. Every other country is doing something about it and this gentleman from Durham on the government side says it is a simplistic solution.

In the months and the year ahead, he will see that it is not a simplistic solution; it is a very complicated solution. The simple flat tax is harder than it looks. The simple flat tax is not as easy to implement as he claims the Reform Party suggests. There are a lot of items in this area that need discussion and debate. We cannot argue with the fact that if there is a broad tax base and the tax base is redistributed we could have a lower rate. A flat tax would get rid of all the tax loopholes, incentives and shelters the hon. member was talking about.

It is not income from the forestry business or the oil and gas business or wealthy people, middle income people, lower income people. A dollar is a dollar. We want to tax that dollar as little as possible. We want to broaden the base as wide as possible, so we can have the lowest maximum rate. That is what equity is. That is what fairness is.

A flat tax, whatever form it is, whether it is a pure flat tax, a proportional flat tax, a Mills flat tax, a Hall-Rabushka flat tax, whatever kind of flat tax it is, the key is that we want to protect the lower income people, people who are making minimum wage or close to minimum wage. We do not want them paying taxes. That will reduce the pressure and the strain on the social programs. Middle income earners will not be affected. They will remain relatively the same. However they are going to be happy knowing that when the tax loopholes and incentives and shelters are taken away from the wealthier people they will pay more in tax dollars even though their rate is low. That is what makes it interesting to look at a flat tax and why we should be doing so. It may sound like a simple solution but it is not.

• (1545)

A flat tax is not as simple as it looks. It is very complicated. In fact, it is harder to bring in something simple than it is to bring in something complicated.

The Minister of Justice brought in the gun control bill. It was a very complicated bill. It was a very elaborate bill, but he got it through, no problem. Is that not right?

The flat tax is going to be a very difficult tax reform to get people to look into and to look at. I would like, in my section of comments, to point out that it is not simple. I am not saying on behalf of the Reform Party that a flat tax is simple. It is just simplifying the system. That is where the merit lies. Simplifica-