

would like to see followed. I welcome the important contribution they make to economic debate in this country. I would equally welcome similar statements by Hon. Members opposite on the economic and fiscal policies they advocate.

In his contribution to the Throne Speech debate last Friday, the Leader of the Opposition (Mr. Mulroney) spoke at length of the importance with which he viewed increased productivity and research and development. Unfortunately, and I should say as usual, he made no specific proposals in either regard. I trust he will demonstrate the strength of his convictions by urging his colleagues to support this Bill. It contains tax measures which will allow Canadian industry to become more productive and will provide a tax regime for research and development that is virtually the most generous in the world.

I refer to an article in the December 10 issue of *The Financial Post* entitled "R and D spending is up as renovation of economy starts to take hold". It states that if R and D spending is any indication, "Canada's economy is undergoing a much-needed renovation". It notes that by Statistics Canada projections, R and D spending this year will increase by nearly 11 per cent to \$5.2 billion. I quote again:

New high-tech firms will continue to spring up. Recently proposed amendments to the Income Tax Act, when finally passed by the House of Commons, will make it considerably easier for new companies to raise R and D tax shelters to fuel their growth.

In recognition of an important aspect of the issues before the House, I want to speak briefly about the goal of simplifying the tax system. Although real efforts were made to minimize complexity in the drafting of this Bill, I am quick to acknowledge that this is not simple legislation. Nonetheless, some notable simplification will be achieved by the approach being taken to the new R and D proposals. In general, the tax mechanisms used to achieve budgetary goals are not new and therefore have the benefit of familiarity to taxpayers. A significant exception is the ISIP initiative, the indexed security investment plan, which is both new and, unavoidably, not simple. ISIP is, of course, a vehicle that taxpayers may or may not use on a voluntary basis. As I indicated, this Bill has been the result of extensive, consultations and revisions by consultants from the private sector and experts in the field.

I was pleased to see that the House Standing Committee on Finance, Trade and Economic Affairs took note of the release on August 15 of explanatory notes to the draft Bill. The Committee described this initiative as "a major improvement in the effort to make complex tax changes more understandable to the general public". Late last month I made available revised explanatory notes. I have given my commitment that simplification of the tax system will be a continuing high priority, particularly as it applies to the small business sector.

This effort has been going forward in the Department of Finance and in consultation with the private sector. A very useful symposium on the subject of small business tax simplification was sponsored by the Canadian Tax Foundation this summer.

### *Income Tax Act*

#### [Translation]

It has been said before that it is not easy to simplify, and this is certainly true in the case of our Income Tax Act. We have often seen how adopting a new and relatively simple tax measure can involve a host of consequential amendments to the Act. We may well ask ourselves whether it is really necessary to adopt a certain tax measure, considering the complexities of its implementation. Up to now, our studies have clearly indicated that it is a question we should ask ourselves more often. It is also true that simplicity is not only desirable for the legislation. For the professional consultant working for a small business, the form that he must complete and the administrative procedures he must follow represent the reality of compliance, all of which has a substantial impact on the cost of such compliance. Simplification in this area is perhaps just as important as simplifying the legislation. We must realize that simplification does not necessarily mean using fewer words. Nor should it mean making our tax legislation less precise. In fact, the legislation must be precise if the individual is to know exactly which provisions apply to him.

These are only a few of the considerations arising in the course of present efforts being made in this difficult and challenging area. We are working very hard on this, in co-operation with the private sector, because we are absolutely convinced it is a very important matter.

In concluding, I would like to stress that the legislation before the House today has been the subject of an exhaustive study by various groups concerned by these measures. We were open to constructive proposals, and that is how a number of important changes came to be incorporated in this Bill. The legislation before the House clearly reflects the support of those who took part in the consultation process. The budgetary measures in the Bill are there not only because they were supported by the public but because they have had a positive impact on economic recovery.

The economy's performance was particularly good during the third quarter of 1983. During the twelve-month period up to last November, we were able to create 370,000 new jobs. The unemployment rate dropped from 12.8 to 11.1 per cent, despite the fact that a large number of people were seeking employment on the labour market. We must continue to offer new employment opportunities as economic growth progresses, and we shall do so. At the same time, we are all aware of the economic problems and uncertainties facing many of our fellow citizens. No one can be satisfied with the unemployment rate we have today, and we must stimulate a sustained and sound expansion of our economy that will make it possible for thousands more Canadians to return to the labour market.

Finally, we must not compromise our present recovery by failing to take this legislation seriously and unduly delaying its adoption. Let us provide the certainty and stability of the legislative measures required to support sustained expansion of business investment and employment in Canada, an objective