

I want to make two points related to that. First, there is a provision in the Bill to allow farmers and fishermen a three-year carryback and a ten-year carryforward period rather than the one-year carryback and five-year carryforward period for losses. That does not make sense to many people because people do not produce to lose money. One goes into a production operation in order to make money. I submit that you could make the carryforward a thousand years and it would not make any difference. Increasing the carryforward period from five years to ten does not make a lot of sense. People will not be encouraged to stay in business because the carryforward period is going to be extended.

The carryback period is useful because losses can be averaged over a longer period of time. That could save a person as far as taxes are concerned. However, encouraging people to stay in business and be productive by allowing them to carry losses further into the future in order to deduct against anticipated income does not make sense. If that is what the Government is doing to encourage people to stay in business, it is not an important factor as far as this Bill is concerned.

Let me get to the point that I believe is useful. I want to quote from two sources. One is an article by Ronald Anderson in the *Globe and Mail* of December 6, 1983. It refers to statements by the Minister of State for Economic and Regional Development (Mr. Johnston). I quote from the article:

Use of the tax system as a multipurpose instrument of economic policy has produced a convoluted tax system in Canada that hardly anyone any longer can hope to understand . . .

The complexities and the burdens of the tax laws, he said, are driving taxpayers to seek tax savings as an end in itself, when the talent and capital would be better invested in other more productive purposes. . . . but he hoped that in the future, more of the country's brain power would be engaged in the laboratories and less would be preoccupied with the Income Tax Act.

That makes a lot of sense. If we are going to have any kind of economic growth, development or increase in wealth, we should concentrate on creating wealth instead of simply using the tax system to divide up what is already there.

I also quote an article by Mr. Derek Bok, President of Harvard University and a former law professor and Dean of Law at Harvard. It refers to the United States. I quote:

A nation's values and problem are mirrored in the ways in which it uses its ablest people. In Japan, a country only half our size, 30 per cent more engineers graduate each year than in all of the United States. But Japan boasts a total of less than 15,000 lawyers, while American universities graduate 35,000 every year. It would be hard to claim that these differences have no practical consequences. As the Japanese put it, "Engineers make the pie grow larger, lawyers only decide how to carve it up."

I see you are giving me the signal to speed up, Mr. Speaker, so I will conclude.

That is the tragedy of this Bill. Instead of using the tax system to encourage production, we are setting forth more rules and regulations that will require more lawyers and bureaucrats to interpret the law in such a way that people can divide the pie into smaller pieces so they can get a chance at their piece of the pie. I would like to see a total revision of the Income Tax Act so that it encourages people to be productive. We have more natural resources per capita than any other country. We have more farm land per capita than any other

country in the world. Therefore, it is a tragedy to pass Bills like this.

● (1210)

What we are dealing with today is only an amendment, but this amendment is contained within a book that is close to an inch thick. It is a tragedy that there will be more Bills and more regulations that will make it more difficult for Canadians to produce. The Income Tax Act should be made simpler and easier to understand so people can use it as an incentive to produce rather than simply argue among themselves about how it will be divided up. I will have no trouble at all with voting against this Bill.

**Mr. Fisher:** Mr. Speaker, I always enjoy it when my colleague makes a presentation because he usually has some very sound and practical ideas to put forward. I know that both of us like to indulge in political rhetoric every so often, but when we scrape away the rhetoric we find some interesting thoughts. The same is true of the summary that the Hon. Member gave of the tax system today.

I heard the Hon. Member quote Mr. Anderson and I heard the Hon. Member put emphasis on creating wealth and productivity rather than creating red tape and bureaucracy. I would like to bounce an idea off of him and see how he reacts to it. In my opinion, the example he chose of carryback and carryforward on losses is a good example. That provision will not create wealth and I agree with him about that. However, it will reinforce the opportunity to create wealth. The provision in itself will not generate farming or business activity but will give people a boost as they go along that path.

I also heard the Hon. Member's comment about complexity and the multiple uses of the tax system. He argues that we should try to get away from that and focus on the production of wealth. I wonder if he would like to make a contribution regarding the use of grants from government as opposed to the use of the tax system. It seems to me that grants are more easily focused into productive areas but they are also more controversial because we have to decide who is productive and will get the grant and who is not productive and will not get the grant. As well, grants tend to be resented by people who are farther away from Ottawa. I wonder if the Hon. Member could comment on the use of tax incentives like the carryforward and carryback provision versus grants. Perhaps he could give us some of his own thoughts on this matter. I am sure that his thoughts will be quite practical.

**Mr. Mayer:** Mr. Speaker, I certainly appreciate being afforded the opportunity to do so. The Parliamentary Secretary used an interesting choice of words when he said that he wanted to bounce some ideas off of an opposition Member. I think that that is a refreshing attitude and one which I would encourage. I would hope that the Parliamentary Secretary would have a chance to bounce some of those ideas off the Minister and the tax department. We would then find ourselves in a system where we as Members of Parliament would have a chance to have some genuine input.