

ing the Quebec Pension Plan. It is true that at times we have to move more cautiously than all of us would like, but we intend to continue to maintain leadership on women's issues.

Let me say something about taxation since it forms part of the motion I have been asked to deal with. Tax reform is doubtless an essential part of achieving economic renewal, hence achieving more compassionate social policies, and it is a matter of highest priority. We live in an era of accumulating deficits. Our deficit in 1984-85 was \$34.5 billion; in 1985-86 it is projected at \$37 billion; 1986-87, \$34 billion; 1987-88, \$35 billion, and so on, up until 1990-91 when it will be \$37 billion. This just cannot go on because it will bury us all. That is why we are very concerned about the trend of the accumulated debt.

It is well known, I hope, to increasing numbers of Canadians that the debt is one of the major obstacles to economic growth in our country. But because we cannot accept this debt as inevitable, the Government has charted a new direction for our economy, and I would mention just four principles of this agenda for economic renewal which we all heard last November 8.

First, we have to put our own financial house in order so that we can limit and ultimately reverse the massive build-up of public debt and the damaging impact it has had on confidence and growth from one end of the country to the other. Secondly, we have to redefine the role of government so that it can provide a better framework for growth and job creation and less of an obstacle to change and innovation. Third, we have to adopt policies which foster higher investment, greater innovation, increased international competitiveness, and a positive climate for the birth and growth of new enterprise, large, small, medium-sized and what I call micro-enterprise, which involves one or two people. Finally, we must bring about these changes in a way which is fair, open and consistent with the basic sense of compassion, tolerance and justice which are characteristic of our Canadian community. We will not weaken the basic income support programs which have served Canadians well. Indeed, through greater economic performance we are going to try to provide even greater assistance to those Canadians of both sexes who truly need it.

I think it is the sense of the motion, Sir, that by somehow reducing the deficit we are going to have a lesser regard for job creation. I believe that is a gravely mistaken view. We believe, and I think most of the Canadian people believe, that confidence is the key to growth and job creation, and deficit reduction is one of the keys to rebuilding confidence. The tax system has been one of the principal mechanisms for achieving the economic and social objectives which as Canadians we all believe are important. Seeking to create the best possible tax system for Canada, we must be guided by principles of fairness and equality.

As we embark upon a new direction in economic and fiscal management, the changing economic and social needs and stresses we face have implications for that system. We are counting on it to continue to serve usefully and effectively the economic and social well-being of Canadians. We are deter-

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mined that the tax system should continue to be responsive to changing demands and new realities. We must harmonize the new direction we are pursuing to attain economic renewal. Given the present tax system, I wonder, looking around the House, how many Members do their own tax returns, or how many, like so many men and women, are obliged to have someone else do them for us.

Mr. Nystrom: Not the Minister for International Trade (Mr. Kelleher).

Mr. Kilgour: No, I am sure he does it himself.

Mr. Kelleher: No, I don't.

Mr. Kilgour: May I put that on the record?

Mr. Nystrom: He is so wealthy, that is why.

• (1250)

Mr. Kilgour: In many ways the present tax system is failing to serve current economic needs, such as in investment and deficit areas. The entire area of incentives provided to business investment is one that we have flagged for attention.

We must ask to what degree we can substitute tax incentives for direct Government programs. It is clear that some shift in this direction is needed and desired. Many Canadians in and out of the business community have been increasingly critical of the red tape, public servant discretion, and delay associated with some of the existing grant programs. People have made no bones about their preference for tax-based incentives. The Prime Minister (Mr. Mulroney) has said that we must deliver Government services more efficiently by relying more heavily on the tax system and less on the grant system. You and I, Sir, being from Alberta, know what the grant system has done to our province's oil and oil servicing industry.

The Government has been especially concerned that the large array of incentives may contribute to the excessive use of tax shelter financing of various sorts. That is why a moratorium was placed on the issuing of so-called "quick-flip" scientific research tax credit investments. I appreciate that many Members will be saying that these are only partly successful. It seems to me that there are other ways of getting around this attempted blockade. That is why the Government has moved to stop advance tax rulings on the use of limited partnerships and other joint venture financing arrangements to flow out unused tax deductions and credits to investors.

At a time when reducing the deficit is so crucial to our goal of economic renewal and growth, the effectiveness of our incentives must come into question. Obviously, the question of levels of assistance will have to be discussed just as seriously as that of changing the ways in which we deliver incentives. In the meantime, we can point to a number of other increasingly evident problems with the current system. For example, the grant programs rely on the discretion of administrators and cause problems, not the least of which is the time it takes to get approval. Time is too valuable. Decisions must be made quickly. We must also recognize that if tax incentives unduly