

*Government Orders*

bottom of the bloody list. However, the government says this is a priority, so to them it is and we have to deal with it.

Let me say that on the principle of this bill we in the New Democratic Party will be voting against it.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I commend the member for Kamloops for his commitment to total comprehensive personal and corporate tax reform. I too share with the member and the member from Calgary Centre the view—and there are many other Liberals on this side of the House who share their view—that this is an issue the people of Canada want us to address. Canadians are hoping we address this issue of personal and corporate income tax reform in the next little while.

The Minister of Finance over the next 90 days will be preparing a budget statement and preparing for a budget obviously early next spring. This will be our window. This will be the time for all of us in the House to deal with this very important issue.

I am not going to get into a long debate on this. I do not think that is where I am coming from today, but I would like to ask the member from Kamloops a very specific question. Over the next 60 days, could we count on the support of the member and the New Democratic Party to roll up their sleeves and work with us to see if we could, as a bipartisan effort in the House, come up with a package that deals with the whole notion of comprehensive tax reform, both on the personal and the corporate side?

**Mr. Riis:** Mr. Speaker, this could be one of the happiest days of my life, responding to this question.

If there is an issue facing the country right now, one of the top issues that is frustrating Canadians is the matter of our unfair, unjust, biased tax system at both the corporate and personal levels. A major overhaul is required. For us to go into the details of why that is the case, they are all well known. I suspect we have all had constituents lined up 50 or 60 deep some days explaining their problems with the tax system.

I can commit to my hon. friend from Broadview—Greenwood that there is nothing I would enjoy more than to sit down with him and others in a non-partisan effort to examine every tax provision that presently exists on a cost benefit basis to the people of Canada and come up with a comprehensive system of tax reform that would bring fairness back into the system. People would see the tax system as being fair to both them and others, where there would be nobody who would obviously benefit from that system.

• (1350)

I know some of my friends are very keen about the flat tax system. I am not sure what they mean by the flat tax because

there are all kinds of definitions of that, as my friend from Broadview—Greenwood has explained in his publication and others beyond what he said. However, it is something we need to look at among a whole set of alternatives and various proposals to have a fairer tax system so that the most popular book come the new year is not on how to avoid tax.

When we go into bookstores across Canada, no matter what bookstore it is, the front counter now has issues and issues and various publications on how to beat the tax man. The reason they are popular is because every single person and business person knows that the tax system is unfair.

I will use one example to measure the unfairness in how the tax system is being used. The audit division of Revenue Canada tells us that for every \$1 it invests in an audit procedure it collects \$6 back. It is not necessarily that people are all breaking the law, but they are certainly hedging on that. In other words, they are saying that this does not seem to be clear so I am going to make my tax decision in this grey area. As a result, the treasury of our country is losing billions of dollars that would normally be collected. However, because of a tax system that is so vague, so grey, so biased, so unjust and so unfair, people are revolting against it in a number of ways.

Let us not forget that the obvious way the people are revolting is by participating in the underground economy. What are the losses there? The experts will tell us that anywhere from \$40 billion and \$160 billion are lost each year because of transactions that are not registered and not taxed as a result of the underground economy.

Therefore, I say with enthusiasm, in response to my friend, yes, I will be willing, with my party very strongly behind me, to participate in any measure that will result in a fairer tax system than we have today.

**Mr. Jim Silye (Calgary Centre, Ref.):** Mr. Speaker, I would like to ask the hon. member for Kamloops a question. If he believes that the current system of taxation is unfair, that the current taxation system is too high, what does he think about the current level of government spending?

**Mr. Riis:** Mr. Speaker, I want to respond to my friend. He might be playing a bit of politics here, but I think it is a question that deserves a serious answer on my part.

How has our accumulated debt occurred? Fifty per cent of our accumulated debt comes from the result of compound interest because of our high interest rate policy. Forty-four per cent of our compound debt is as a result of tax exemptions. Six per cent of our compound debt is as a result of government expenditures.

Let us recognize that in some areas we have overspent, but in my judgment in some areas we have underspent. There are some areas where we should be spending now to encourage people to find ways and means of getting back to productive work. Let us