

**Some Hon. Members:** Agreed.

**Mr. Desmarais:** Mr. Speaker, the Hon. Member for Kamloops-Shuswap suggested that we should change the Income Tax Act in order to make registered retirement savings plans available to a greater number of Canadians. What kind of changes is he proposing?

**Mr. Riis:** Mr. Speaker, I realize that other Hon. Members asked that same question in a more informal way when I was suggesting a method of reforming the system, not necessarily by removing existing policies. A tax credit system could be used in an effort to provide more money in the hands of people who perhaps do not pay any income tax at all as a result of their positioning on the low end of the spectrum.

**Mr. Blenkarn:** How could we have a tax credit without any income tax?

**Mr. Riis:** Obviously I have not had an opportunity to think through this answer as much as I should. Perhaps I could respond to the Hon. Member's question during the time we are considering the Bill clause by clause.

**Mr. Thomas Siddon (Richmond-South Delta):** Mr. Speaker, I was interested in the comments of the Hon. Member for Kamloops-Shuswap (Mr. Riis). I believe he is the economic development critic for the New Democratic Party. He focused largely on the alleged failures, at least in his eyes, of supply side economics and the so-called preponderance of loopholes in the income tax system. However, he did not focus upon the main issue with which Canadians in all parts of this land have to contend, that is, unemployment and the extent to which the measures put forward in Bill C-2 might aid in the resolution of that very serious problem which is of particular concern to young people.

In commencing my comments on Bill C-2, an Act to amend the Income Tax Act, I want to point out that my particular emphasis will be on the R and D tax credits presented in the Bill by way of an amendment, through Clause 74, to Section 127 of the Income Tax Act, and the addition of a new Part VIII to the Income Tax Act by the inclusion of a new Section 194. The proposed changes to the scheme of incentives to encourage more research and development in Canada contain a couple of rather interesting provisions. One is a straightforward increase in R and D tax credits. I will have more to say about that later. Second, through a provision which would allow investors to purchase shares in research and development companies, they would be allowed a tax shelter on virtually all the income diverted into that investment. In other words, they would be entitled to a 50 per cent tax credit on income earned and directed into R and D companies. In a general sense we commend these initiatives. However, when I deal with the specific increases in R and D tax credits, I will point out the tremendously inadequate level of support they represent to a very important sector of our economy.

This Bill is yet another example of the tendency of the Government, rather than to develop a 21st century approach to

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the serious problems facing the economy, to tinker and dicker with an antiquated system. The tax system has become so complex and unwieldy that it is almost impossible for modern high technology companies to contend with the ins and outs of the Income Tax Act.

Last week the Prime Minister (Mr. Trudeau) talked in the House about social Darwinism, as he called it. The lack of recognition in the House of the inescapable fact that the future is very bleak for our young people illustrates the fact that the Liberal Party has essentially given to Canadians a 20th century social Darwinism. I say this because Canada is approaching a very desperate time in its history, with some 600,000 young people unemployed and an unemployment level which is now 500,000 to 600,000 persons higher than it was in 1980-81. Also there has been a tremendous deterioration in the economy. As a recent headline indicated, "Prospects are grim for young jobless according to recent OECD projections".

The Minister of State for Economic and Regional Development (Mr. Johnston), who should be taking a positive leadership role in the solution of this serious problem, was quoted as saying to the Macdonald Commission that "full-time jobs for all may not be realistic". This was according to the Minister who, surprisingly enough, is also the Minister of State for Science and Technology. For these reasons I believe the Party opposite has been guilty over the past 15 years of bringing Canada into the 20th century of Darwinism.

My Party's position, as presented in the House last week by my Leader, the Hon. Member for Central Nova (Mr. Mulroney), represents an opportunity for Canadians to move forward into the 21st century and to take advantage of a tremendous upswelling of opportunity which is ours to be had, through the vigorous pursuit of research and development.

On the other side it is more of the same old boys with the same old ploys. Remember the autumn of 1981 when the Minister of Finance (Mr. Lalonde) indicated in the House that in no way, shape or form was the federal Government contemplating an excise tax on natural gas exports. Then in the budget of that year he proceeded to slap a tax on all natural gas production. That type of sleight of hand has led Canadians to decide that it is time for a change. This Government cannot be trusted. Canadians will see over and over—and they will witness it once again this evening at the great spectacle in Toronto known as the "Last Supper"—reasons for distrusting the Government.

● (1610)

I would like to say in the context of Bill C-2 that in the case of the R and D tax credits which I would like to address, there is another example of why this Government should not be trusted. There has been a lot of talk in the House by the Minister of Finance and the Minister of State for Science and Technology about how generous these new R and D tax credits are going to be to what we hope is the rapidly developing sector of our economy known as the high technology industry, bearing in mind the spin-off opportunities it offers the general infrastructure of this country.