

Government Organization Act, 1983

Mr. Orlikow: Mr. Speaker, I direct a question to the Hon. Member. He has indicated that his Party prefers tax incentives to grants. I wonder how the Hon. Member expects new companies, innovative companies, companies entering into high technology that are just starting and that have not been in business before and therefore do not have any tax credits coming to them, will be able to operate if they do not get those kinds of grants, particularly in slow growth areas such as Atlantic Canada or the Province I represent.

Mr. Wilson: Mr. Speaker, I am pleased that the Hon. Member for Winnipeg North (Mr. Orlikow) has raised this question because it is an important one. During the course of my comments, I did say that there will always be a role for grants to play. I did specifically identify start-ups.

● (1125)

I think what we have to do is balance the grant approach with the tax incentive approach. As an example, in the case of start-ups I believe that if more incentive is provided through the taxation system to encourage people to invest money in new start-ups, that will reduce the need for grants to get companies on their feet. If the companies can be properly capitalized at the start, which is an ongoing problem in this country, then they will not need the grant so much. The ongoing tax incentive will provide the means for the company to be successful and gain the continuing support necessary to keep moving.

Mr. Orlikow: Mr. Speaker, there is a great deal of evidence that many of the newest inventions and newest procedures have been begun not by large corporations, which in Canada particularly are pretty stodgy, but by very new companies run by young people just starting out who have very little capital. Certainly they have no tax credits to begin with.

In his speech the Hon. Member indicated that he believed in both, but he made it clear that he and his Party favoured tax credits over grants. Of course, we can all agree that we should have both. I am concerned, however, that if a Conservative Government were to depend mainly on tax credits, we would not get the kind of start-up or the kind of input from new, innovative, small companies which we will need if we are to succeed.

Mr. Wilson: Mr. Speaker, I think it has been very clearly demonstrated in other countries as well as, in a converse way, in this country that you get more start-ups through an attractive tax system than through having a bureaucrat or a politician in Ottawa or in a region saying: "You are going to get some money and you are not going to get some money; you are going to be favoured but you are not".

I was in the investment business and I know the mistakes people can make when deciding which one is going to be favoured and which is not. The people in government, whether on the political side or on the bureaucratic side, do not have the expertise to be able to judge which is going to succeed ultimately and which is not. I prefer to see that decision left to the private sector and to the marketplace.

If we can have a tax system which will encourage innovation and risk taking, then fewer people will come to governments looking for handouts. Speaking on behalf of the Conservative Party, I say that is the type of economy we want to have in this country.

Mr. Kristiansen: Mr. Speaker, I should like to address a question to the last speaker. By dealing primarily with the incentive system, whether tax credit or other types of write-offs or incentives, he is basically providing assistance to those who already "have". In other words, "them who has gets". What the Hon. Member for Winnipeg North (Mr. Orlikow) mentioned to him a few moments ago was that those who were lean and hungry—

● (1130)

Mr. Deputy Speaker: Would the Hon. Member make his point briefly because there are one or two other Hon. Members seeking to be recognized?

Mr. Kristiansen: Yes, Mr. Speaker. The question is, why does he insist on favouring—and that was clearly the thrust of his remarks—those who already have a dominant position or a strong position, rather than giving encouragement to those who are lean and hungry, who are inventive, who want to establish small businesses, get them moving and make a productive impact on the economy?

Mr. Wilson: The Hon. Member, Mr. Speaker, has totally distorted my comments. I have said on many occasions—I said it here in the House—that if you have a taxation system which encourages people to put money into start-ups of new businesses, you are going to have an immense number of new businesses starting up and they will create tremendous employment in this country. The Conservative Party understands small business far better than the New Democratic Party and far better than the Liberal Party. The Conservative Party has supported small business for years and years and the Conservative Party derives a tremendous amount of support from the small business community.

If I can just refer the Hon. Member to both the Canadian Organization of Small Business and the Canadian Federation of Independent Business, who represent small businessmen right across this country, there is no question in the minds of either one of those organizations that they far, far prefer the tax incentive rather than the grant, because with the grant they have to come to Ottawa, they have to plead with government, they have to take government through the whole process and they waste time. They do not have access in nearly the same way as big business. Therefore, by favouring tax incentives over grants, there is no question that we in the Conservative Party are favouring small business rather than big business, which I suppose the NDP are starting to get much closer to than they have in the past.

Mr. Tobin: Mr. Speaker, my question for the Hon. Member for Etobicoke Centre (Mr. Wilson) is with regard to the reorganization of the Department of Industry, Trade and