

Income Tax Act

some workers in my constituency. I suspect the reason the Liberals included it is that they know how many Canadians may need planes to get to work in future if the economy continues to fade.

The overseas employment deduction will probably be just as useful as the last one. A number of my constituents are now finding that in order to do the work for which they are trained, they have to leave the country.

The volunteer firemen's credit will be welcomed in some of the small communities in Canada. It may turn out to be extremely useful because, looking ahead at the prospects for the economy, it seems there may be a lot of fires to put out. I am sure the government does not think of such things when it includes such deductions in legislation, but they will be needed.

Seriously, Mr. Chairman, there are a number of matters in the bill that will be useful, but I want to turn now to some things which are not in the bill but which should be in it. After I deal with them I shall expound upon why I believe they are not in the bill as I think the reason is indicative of the philosophy of this government.

I am very sad that the small business tax credit has not yet been extended. One of the problems facing Canadians today is the growing fear that not only will they not be able to create more wealth for themselves and others but that they may end up losing their present jobs. One way to combat that is to allow the small business sector to grow as quickly as it can because it is the foundation of employment in this country. I urge the government not to let the small business credit expire. In the tough times ahead it will be one of the few things to encourage people to invest in the small business sector, and that investment is vital if we are to survive this period.

For different reasons than those put forward by the hon. member for Peterborough I would urge the government—and I suspect without any hope—to reconsider its position on mortgage interest deductions. The argument for the deduction of interest on mortgages is often made by those who are currently paying off mortgages. I think there is another argument, however, that goes to the question of tax equity in our system. This point is not often made, but I should like to make it now.

Under the present system a young, struggling couple are rewarded through the tax system if they invest their money in RRSPs, and rent rather than own their home. That is the first problem. Anyone who does the mathematics of that proposition will find that there is in fact an incentive to remain a tenant and no incentive to become an owner. That is very well if one chooses to do that, but I believe it is silly to have a system that creates an incentive for people to remain dependent on landlords.

It is usual for young couples to struggle along and pay their mortgage without any help. That is the way they begin to build an estate. They discover, however, that once they have an asset they can borrow against it in order to increase the estate—to invest in Canadian stocks and bonds, to buy a piece of property or an asset that may increase in value. They discover that they

can deduct the interest. They have built up an estate without any help. Home owners often do not realize that they are relatively well-off compared to those who rent a home. Once they get rid of the mortgage and are secure, they can borrow against that asset and become better off. That is all well and good, Mr. Chairman. But it is like telling them that when they are well off the government will help them become better off, but when they were not well off in estate terms there was no help for them to begin an estate.

There is a tax bias in this which, in my view, in addition to all the very sensible help offered to those who want to build rental property has partly led to the dramatic decline in the last 40 years in the number of Canadians who own their own homes.

I make that case, Mr. Chairman, because I think the case is usually made the other way—help for those who have trouble keeping up their mortgages. While that is a valid case, I would urge the government to help those who do not now own their homes to become owners. They are discouraged from doing so by the tax system. The community, as a result, has fewer home owners and it follows that there is less sense of commitment to the community.

I find it tragic that the investment tax credit in the last budget was so narrow. The Crosbie budget would have encouraged Canadians to invest in Canada. This budget encourages Canadians to invest in DREE areas. That is well and good because the underprivileged and underdeveloped areas need help as well to improve their position in the Canadian family. However, I would urge the government to remember that the idea of the investment tax credit was to encourage Canadians to invest everywhere in Canada. In the final analysis we cannot afford the luxury of saying that we only need investment in some parts of Canada. We are not that well off.

● (1600)

I am saddened to find there is no provision for an energy tax credit. There was no provision in the budget, and therefore there was no provision for one in this document. I am more saddened than ever not only because of the Liberal promise in the election that Canadians would not pay what we said they would pay for gas but that promise was made phony the moment the Liberals omitted the energy tax credit. The poorest Canadians are now without the tax credit and will pay more for their gas, even if it has only gone up ten cents a gallon, and every Canadian knows that it has gone up two or three times that already.

However, I am disillusioned because of this morning's announcement about Petro-Canada and Petrofina. Let me be clear in what I have to tell you about this. I will concede that most Canadians demonstrated in the election they believe Petro-Canada is not a bad thing. I think that was very clear from the polls. Certainly it is clear in my area. But most Canadians expect their dollars to be spent well. I for one do not like the idea that we will pay \$1.5 billion for an asset worth \$1 billion. But worse still, because of the way the system