

*Income Tax Act*

This Bill also contains changes to the northern allowance. Again, while there are some positive aspects to these changes, we have some difficulties with them. Steelworkers who work in mines in northern and remote regions will, in the end, receive fewer tax deductions under these proposed changes than they had received before.

As well, the Government is attempting to encourage research and development by allowing for scientific tax credits. These tax credits are mentioned in this Bill. However, the point that we in this Party have raised on several occasions is that the Government discriminates between engineering, natural and medical sciences and the humanities and social sciences.

The Government has told the granting agencies to go out and raise more money in the private sector since they will be receiving fewer government grants. The Government will give tax credits for donations to these funding agencies. However, donations made to the medical, engineering and natural sciences granting agencies will receive a different tax treatment from those donations made to the humanities and social sciences granting councils. We say that this is not fair. It is not fair to the humanities and the social sciences. As well, it indicates the misguided sense of priorities of the Government.

The Government hopes that inventions and discoveries in the natural sciences will get us out of the problems we face.

**Mr. Blenkarn:** It'll create jobs.

**Mr. de Jong:** As the Hon. Member says, it will create jobs. However, the Government believes that research in the humanities and social sciences is not as important.

**Mr. Blenkarn:** Won't create jobs.

**Mr. de Jong:** I assume that the Hon. Member firmly believes that that will not create jobs. I beg to differ with him. Canada's situation in this century of very rapid social, economic and technological changes is one which requires research in social sciences and humanities. We need research in those areas if we are to survive as a country in a holistic sense. Unfortunately, the Government does not see it that way. Therefore, it is quite prepared to discriminate against the humanities and social sciences.

Another aspect of this legislation that will help the rich is the change in payments to retirement funds contained in this legislation and in other amendments the Minister had introduced earlier this year. It will be done at a cost of some \$300 million to the taxpayers, two-thirds of which will come from the federal Treasury, and the rest from the provinces. The benefits will go almost entirely to the 10 per cent of the population with the highest income. That works in the following way. The Government will now allow total contributions to increase to some \$15,000 a year. First of all, very few

people can afford to put away \$15,000 a year, other than the well-to-do.

• (1630)

**Mr. Cassidy:** Tories.

**Mr. de Jong:** Let us say that the average person can afford to put away only \$7,000 a year. That \$7,000 becomes tax deductible.

**Mr. McDermid:** I know a lot of rich socialists also.

**Mr. de Jong:** If you are earning \$50,000, \$60,000, \$80,000 or \$100,000, then that \$7,000 tax exemption becomes more meaningful to you than if you are only earning \$20,000 a year. So what we have are tax measures that will again benefit those who are well-to-do, while the average Canadian will be paying the bill. The average Canadian will be helping to subsidize pensions that could be up to \$60,000 a year, which are half paid for by the taxpayers.

Now we come to the question of the surtax. This legislation puts in place a surtax. There was no question about why the surtax was introduced. It was stated over and over again that it was to help fight the deficit. The Tories love talking about the deficit. The strange thing is that the deficit seems to increase when Tories and Tory Governments are in power. In the United States the deficit has increased under the conservative President, Ronald Reagan. In Great Britain the deficit has increased under the Conservative Government of Margaret Thatcher. In this country the deficit has increased under a Conservative Government. In my home Province of Saskatchewan, before the Tories were in power there in 1982, there were surpluses year in, year out. The Tories came into power, and now it is close to a \$3 billion deficit that they racked up in the Province of Saskatchewan.

The Tories create the deficit. How do Tories create deficits? First of all, they have the rhetoric against the deficit. They stand up as a Party to fight against the deficit. They tell us all that we are living beyond our means, we have to cut back. So they cut back in social programs. Oh, indeed they do. They love cutting back on social programs. That is where we will fight the deficit. When the Tories claim that we are living beyond our means and you look at the figures of the OECD countries, you find that we are one of the lowest in our expenditure on social programs compared to the other industrialized countries of the world. We are below Italy, Ireland, France, Germany, Holland, Denmark, and Sweden. We spend just a little bit more of our Gross Domestic Product on social programs than the United States. We spend less on hospitals, family allowances, income support programs, health care, pensions, and unemployment insurance benefits. As part of our Gross Domestic Product we spend less than almost every other industrialized country in the world. Yet the Tories