

Taxation

arrangements and the federal-provincial agreements, all Canadians will have the opportunity to share more fairly and equitably in their own petroleum industry and to benefit from the revenues flowing from the most dynamic sector of our total economy. I do not doubt, with regard to the benefits for the consumer, with regard to energy self-sufficiency, and with regard to Canadianization, that the National Energy Program will go down in history as one of the great achievements of government in Canada since the Second World War.

Some hon. Members: Hear, hear!

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, I should like to congratulate you on your duties in the chair tonight. It is always pleasing to see the hon. member for Bow River (Mr. Taylor) in the chair.

Bill C-93 implements a number of commitments made to energy producing provinces, provides several technical changes in the federal excise tax system, and seeks to obtain new borrowing powers for the fiscal year 1982-83. In the first part, the government is seeking borrowing authority for \$6.6 billion, and this borrowing authority is directly connected with the budget. In light of the current economic situation, I agree with the minister that a review of the budget's objectives is important to provide a background for evaluating the merits of the bill.

In the budget, the government correctly identified rapidly rising inflation as the main problem in the country. Inflation pushes up interest rates, destroys investor confidence and generally slows down economic activity. In turn, this leads to a number of problems such as rising unemployment, erosion of real income, and borrowers saddled with the burden of ever-increasing interest rates. In Canada this has been marked by a period of stagflation in which the economy has been stagnant but inflation has continued to accelerate. In dealing solely with the problems of inflation, the government has failed to come to grips also with the problem of unemployment. The government appears to have failed to realize that there are two problems facing Canada and that each of them can be addressed at the same time.

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To do this we need policies to restore the level of confidence in our country that will encourage Canadians and non-Canadians to invest in Canada. We must create a climate in which creative and courageous men and women may take risks and realize rewards. We must ensure that the public interest shall be preserved and that both the strong and the weak shall have equal opportunities. The great need at the present time is to build a property-owning democracy where not only do conditions encourage the individual to own the home in which he dwells and the farm fields he cultivates, but in addition allow him to save sufficient income to share in the ownership of the social and industrial future of this great country.

We must embark on a national development policy that will strengthen all areas. Canadians of all groups and regions must have equal opportunities to share in the national prosperity.

This involves an investment, not a mere spending, and the distinction between those two elements is one of the basic concepts that has escaped this government and that has been brought to the attention of the government, not only by myself but by one of the speakers on my left who spoke in this debate earlier.

Canada is one of the most beautiful and blessed of nations, and Canadians have the right, the obligation, and should be given the opportunity to create the world's finest society. It is important that the Foreign Investment Review Act and the capital gains tax be re-evaluated in light of our great need to attract investment in our country. By doing so this will revive our dollar and give us the flexibility to drop interest rates to the level they should be so we can get Canada moving forward again.

To do this we have to maximize the involvement of the private sector because small Canadian business employs more Canadians than any other sector of our economy. We have also to get on with the megaprojects and use them as development tools in all parts of our country.

We have a crisis in housing caused by high interest rates. The Clark government program to permit deductions of mortgage interest and property taxes from income tax, which was opposed by the Liberal and New Democratic parties, was then and is now the right measure to stimulate home building and the building materials industries in Canada today.

If ever there was a time when all governments in the country should be moving in the same direction, it is now. At this moment, federal-provincial relations are probably at an all-time low, with the federal government avoiding cost-sharing programs and local expertise and electing to take unilateral action to dissolve the Department of Regional Economic Expansion and to do its own thing in the development of areas that suffer from regional disparity.

The budget failed to recognize the tremendous importance and the potential of research and development in this country. The high technology industries have become the winners in today's economy. Our government has failed to follow the lead of these enlightened corporations. It has not stimulated industrial research nor has it regained lost markets. It has not moved into new ones nor expanded the great export potential of our country, which is so rich in terms of its natural resources and its educated population.

The budget should have allowed a reduction in taxable income by the excess interest that people are paying who have had to renew their mortgages. It should have allowed farmers a tax credit for the interest paid for seed and fertilizer. It should have allowed the small-business man to pay interest only on his long-term borrowings for at least a year. It should have allowed normal depreciation for new purchases or even accelerated the depreciation.

With huge revenues from the oil pricing agreements starting to flow into federal coffers, we have a rare opportunity to attack our deficit position and our accumulating deficit and at the same time to invest in the development of Canada. We