

### *Mortgage Tax Credit*

General funding for public housing and co-operative housing was cut back in the final years of the Liberal government. At the present time in the city of Toronto, for instance, no public housing is being constructed, apart from senior citizens' housing. We recognize that senior citizens' housing is very important. On this side of the House we are glad to see that some is still being constructed, but not at the expense of the general level of public housing and not at the expense of the vitality of the co-operative housing sector.

I think Liberal social policy can be described as "nothing for everybody". The policy of the Conservative party is "something for a very special few". It is a Hobson's choice between these two parties, Mr. Speaker—there is either nothing for everybody or something for some people, depending on whether you happen to have a mortgage or own property.

If we can leave for the moment the bankruptcy of Liberal social policy, I think we are entitled to ask the minister what the mortgage tax credit plan does to solve the problem of affordability, which is a concern of renters and home owners, and what does it do for people in inner cities and rural areas who need federal government assistance to fix houses that are deteriorating.

I want to tell the minister about a trip that I took to Washington in company with the hon. member for Vancouver Quadra (Mr. Clarke), Mrs. Pigott, who has moved on to bigger and better things, and two members of the Liberal party. We went there to examine the American taxation scheme with respect to housing. We attended a meeting that I will not readily forget with a group of American economists who were advisers to the Congress.

They asked the members of the Conservative party about their proposal so that there could be a free discussion on its merits. First of all, our Conservative colleagues said it was a tax proposal and that it was tax reform designed to give people a tax break. They were asked why they did not bring in a tax credit or tax deduction that would apply to everybody and be universal, and not restrict it only to people who own property. They were asked why they would engage in a policy of hidden expenditures which, we are coming to realize in a more sophisticated understanding of our tax system, is very expensive. It cannot be readily controlled by the government, it creates an additional deficit and it is far more difficult for the government to control when it wants to reduce its deficit. It is a form of hidden spending which is regressive. If it is a tax proposal, why engage in a tax proposal that will give something to people who have property and give nothing to people who do not have property?

● (1530)

Generally speaking, this proposal is going to redistribute income away from poor people and toward people who have more. Well, they hemmed and they hawed and said that it is not only a tax proposal but really an economic proposal. It is really designed to stimulate the economy. One of the economists said that if you want to stimulate the economy, there are much more efficient ways of doing so. There are forms of

[Mr. Rae.]

direct government spending. This is not really a stimulative measure, it is a stimulus that lasts forever. It is not something that you can take away.

The minister knows—he understands something about economic theory, even if he does not always follow it—that there are times when it is important to provide for some stimulus and there are times when it is important to take away. This bill does exactly the reverse. Regardless of what the economic condition of Canada is in 1982, this government will be spending probably more than \$2.4 billion on housing subsidies than it is spending today, regardless of whether there will be a downturn, an upturn, a slump or an inflationary cycle at that time. Regardless of what the economic situation is, the minister has committed himself. This completely ties his hand with respect to government economic policy.

Then they said that it was not really economic policy, it was a social policy designed to encourage people to buy their own homes. They replied that if you want to encourage people to buy their own homes for the first time and if you want to focus your attention on new home buyers, why not subsidize interest rates for those first-time home buyers and let them stimulate the new housing market? By doing this you will save a lot of money and accomplish your objective. They finally said that it is really none of those things, it is political. It is politically a very attractive proposal.

To me that was the final revelation of what this proposal is all about. It has nothing to do with taxation because it is an affront to every canon of taxation and tax policy since Adam Smith, and the Minister of Finance knows it. It redistributes income away from lower income people. It is a hidden expenditure. It does nothing for the economy. It is not an effective, efficient, useful or intelligent stimulus for the economy because you cannot take it away once you have given it. As a social policy it stinks because it does not deal with those people who are in most need. Our rate of home ownership is exactly the same as the American rate of home ownership, just hovering over 60 per cent; and we have not had this proposal, they have.

It was a revelation because it told us what the real intentions of the government were. It told us what the objectives were. The objectives were to win an election with an election promise and an election gimmick. Having gone to the people with a gimmick, the government now feel they have to deliver the goods regardless of the cost, the effect, the fairness, the common sense of it, or whether it fits in with the intention of the government to cut down on the deficit. Regardless of any of those things, we have a government that is determined to go ahead.

The Minister of Finance came into this House yesterday and said that if we did not like it we could step outside and have an election.

**An hon. Member:** Bully.

**Mr. Rae:** I like to think better of the Minister of Finance than that.