

Mortgage Tax Credit

That word has been wiped out of the vocabulary by hon. members opposite. They do not talk about stimulative deficits any more.

● (2110)

An hon. Member: They only use it in the Senate.

Mr. Axworthy: They only use it in the Senate, where the author exists. They have forgotten that peculiar little piece of election jingleism which they brought forward at that point in time. The reason was that it was simply a word; it had no economic substance to it. At that time the leader of the Conservative party promised that it would create thousands of jobs, that it was to get the economy going, and that it would enable people to purchase new houses. It was to do everything. It was the all-around panacea. It was little mommy Carter's cure. It was Carter's little liver pills. It was going to provide all the solutions. Just open the bottle and out it pours—until they get into the habit of actually having to do something.

If we are going to give some credit, give it to the Minister of Finance. He is making the best out of a bad case. At least he has the sense to know that the proposal put forward by Mr. Carter—

Some hon. Members: Oh, oh!

Mr. Axworthy: At least he knows the proposal put forward by the Prime Minister (Mr. Clark) well over a year ago was unworkable and expensive. He knew that, and he was able to change it, based upon certain proposals put forward by our party and others. At least at that point in time he had not acquired the certain kind of arrogance which he has acquired in the past five weeks. At least in the summer months he was able to listen to some degree of wisdom and turn the pig's ear into a sow's ear. But it has still been left as that particular kind of bad program. He has not been able to refine it any further. We still have in front of us a mechanism which is not a silk purse by any means.

We should take a look at the objectives which Bill C-20 was put forward to accomplish. We were told that it would ease the burden of purchasing, meaning the cost of new homes. This evening the minister opposite spent a great deal of time extolling just how wonderful it would be. The only problem is that it has very little to say about the conditions we are now facing.

One of the tests of any government is its flexibility, its ability to adapt to new conditions and new problems, and not to become locked in rigidly to the past. What exists at the present point in time is an interest rate of 14¾ per cent, or perhaps 15 per cent by the time we reach the Christmas date about which the minister talks.

What has been the result of the 3 per cent to 4 per cent jump in interest rates? Close to one million householders have been eliminated from the housing market. They have not been added to the housing market; they have been eliminated from it. The grandiose picture we received last year of happy Canadian households marching into real estate offices to buy

new homes is being replaced by thousands of Canadian households marching in to see their lawyers because they are defaulting on their mortgages due to high interest rates. That is what we have witnessed, not a happy little group of Canadian families looking forward to their first opportunity of owning homes. Approximately 400,000 families must renegotiate their mortgages after the interest rate has risen by close to 4 per centage points.

What does that mean in actual dollar terms? On an average \$50,000 mortgage, \$1,800 will be added to the carrying costs. It far surpasses any benefit achieved under this program, even at the four-year mark. We are not facing a lot of new home owners; we are facing a lot more bankruptcies and defaults. That is what we are facing.

What has the government said in response when repeatedly queried in the House and before the Standing Committee on Finance, Trade and Economic Affairs? We have asked the government what it intends to do about that problem. The minister in charge of housing, to his credit, said, "It is a problem but I do not have any money to do anything about it because the Minister of Finance is taking all my money to put into this tax credit program". The minister in charge of housing has a closer grasp on the situation. He is far more sensitive to what is going on. He was sort of wringing his hands before the Standing Committee on Health, Welfare and Social Affairs and saying, "I know what has happened. I know the problem is there. I know people have to pay far more, but all my money has been spent. I have nothing left".

Now the Minister of Finance, sort of like little Joey Chipmunk, comes out and says, "I have all kinds of nuts to give away at Christmastime". The nuts he is giving away are the wherewithal which should be going to help families forced into bankruptcy and default. These families are receiving no assistance from the government. All the Tory government can offer them in return is, "Because of all these defaults we will have to get tougher in the law and start taking people to court". That is the only policy announcement we have heard. That is why this piece of legislation is an interesting example of how Tories deal with problems. Rather than responding to a real issue, rather than responding to something which is here and now, they are being locked into their own past and the grand words about the future which we heard from the Prime Minister. All the words are the same. They are the words which run through his speechwriter's hands.

Approximately three months ago a family trying to purchase a new home at a \$60,000 mortgage level needed an income on par of about \$24,000. Today the same family trying to buy the same home needs an income of close to \$32,000. That is the result of Tory economic policy, those are the consequences we are facing. The minister rises and tries to bluff his way through the House by saying that somehow this will end and that there will be all kinds of new home owners. Simply, he is engaging in an exercise in delusion; simply, he is trying to fool Canadians. This jewel of Tory economic policy has turned into fool's gold. It has nothing to offer in those cases.