

Income Tax Act, 1986

Government logically follows up on that and initiates that good idea, it somehow becomes very wrong.

I am conscious of the rule of relevancy, but just by way of illustration, I just returned from the de Havilland hearings before a committee of which I am a member. The Hon. Member for Vancouver Quadra (Mr. Turner), the Hon. Member for Saint-Maurice (Mr. Chrétien) and even the Hon. Member for Saint-Henri-Westmount (Mr. Johnston), who is in the House today, spoke during the Liberal leadership campaign about not underwriting millions of dollars for de Havilland and about selling these things. The Hon. Member for Saint-Henri-Westmount said that if that is a neo-Conservative notion, anyone who says it is a neo-Conservative notion has lost his marbles. The Liberal Party had a clear idea then.

I would like to illustrate the distinction between the Liberal Party having a good idea for cutting de Havilland loose and the new Government carrying through with it and being vilified by this very Party. Let us deal with the RHOSP.

The Acting Speaker (Mr. Paproski): Order, please. I appreciate that the rule of relevancy exists. I know the Hon. Member will now get to the point.

Mr. Gormley: I will indeed, Mr. Speaker. The RHOSP, a savings vehicle which was tax sheltered until now, was not originally designed in the 1970s to be something that would go on in perpetuity. It was a tax-saving measure which encouraged young people to save for a first home. However, this Government, quite rightly, found itself in the position of having a very positive opportunity to unleash no fewer than \$2 billion into the Canadian economy through a consumer-driven recovery as part of the Government's plan.

I return to the very strong indications that the last Liberal Government was inclined to do away with the RHOSP but, because quite rightly the Canadian people threw the Government out on its ear, it did not have an opportunity to do so. I am very surprised that with two former Cabinet Ministers in the House this morning, Cabinet Ministers who were no doubt privy to the discussions regarding doing something with the RHOSP, Liberal Members would vilify the proposal that will partly lead to the consumer-driven recovery and will be to the benefit of the Canadian economy.

Not wanting to tiptoe, something which I never do, I wanted to bring this to your attention, Mr. Speaker. I know Hon. Members of the House are most interested in hearing of the benefits of this proposal and the rather inconsistent approach taken by the Opposition.

The Acting Speaker (Mr. Paproski): Since there was no question, perhaps the Hon. Member could take another question and then answer it.

Mr. Duguay: Mr. Speaker, I would like to make one or two comments with regard to the RHOSP program and the allegation of the Hon. Member for Davenport that the former Liberal Government had brought this measure into effect in order to stimulate the housing industry. In May of last year,

being very interested in this matter, I asked officials of Canada Mortgage and Housing who were appearing before committee their view of the RHOSP program and in particular I asked about the original objectives of the program, the reason for its implementation and the history of the program including its effect on housing starts as compared with its tax shelter implications. The answer given by officials of CMHC who were present at the time the former Government brought in the RHOSP was rather revealing.

As I understood it, the answer indicated that by 1974, there was a lot of pressure on the housing market. One of the purposes of the RHOSP was to try, in the short run, to cool off the demand for housing by encouraging people to save and purchase a house in the future. With regard to the effect of the program, CMHC officials indicated that over a 10-year period, RHOSP had not had a significant impact on the level of housing starts and that the desire for home ownership remained very, very strong. It was thought that that desire would swamp the impact of setting funds aside through the RHOSP. Over a 10-year period, RHOSP would not have had a large impact on housing starts.

Finally, with respect to reasons for the termination of the program, by and large it did appear that RHOSP was more of a tax shelter or a way of sheltering income than a stimulus to housing. A number of industry associations have commented that RHOSP in its current format was not an effective instrument.

When the Hon. Member for Davenport (Mr. Caccia) tells Hon. Members on this side of the House that we are not putting out all of the facts about some of the changes that will occur because of Bill C-84, he should recognize fully that his Government brought in this plan for purposes that he now ignores. He is making believe that we are changing it for other purposes that never existed. I think the Hon. Member owes his constituents and mine the integrity of at least referring to the real reasons his Government brought this measure into force.

Mr. Caccia: Mr. Speaker, it was very amusing to hear those two interventions. Evidently, the tongue has to be active when the teeth are hurting. Those two Hon. Members feel very much at ease when they engage in this strange exercise of shadow-boxing with the past. They were not here when the measure was introduced. They were simply quoting some officials who said that the RHOSP was perhaps not greatly stimulating the housing industry. That is debatable. The fact is that it was a measure that was picked up gladly by young families wanting to buy homes. It did have some effect on the housing industry. The question of whether the effect was great or small can be debated at the right time and in the right place.

In my experience, in Toronto where there are a great many people engaged in construction and the housing industry, the RHOSP was considered to be a good measure by the entrepreneurs, both small and large. As well, it was considered to be a good measure by the families who made use of it. I fail to see these two interventions as being relevant to the substance of the issue that is before us. The Hon. Members are simply