

*Borrowing Authority Act*

what we are being asked to do is approve a third mortgage for a client who is not able to pay even the interest on the first and second mortgages. That is certainly not good financial practice, Mr. Speaker. We should not be put into the position of approving this bill by aiding and abetting it here. I resent being put into that position. It is a perversion of the high trust of public office and it is a misuse of the high privilege of being allowed to cast a vote in this chamber. How much of this money will go to buy another oil company? How much of this money will go help shore up the shaky Trudeau buck in New York, London, and other world monetary markets?

In short, there is a misty aura of deception and doubt already created by the dismal record of this government which should make any member voting on this bill conclude that the borrowing authority which they have asked for, of another \$7 billion, should be refused. But better still than that, an amendment should be moved to the Financial Administration Act prohibiting and forbidding any government of Canada or any government in Canada at any level to borrow money anywhere from anyone to pay interest on interest, making it illegal to place a third mortgage on Canada, our country, which is now financially embarrassed and in a state of near bankruptcy as a result of being too long governed by the false and phony policies of Trudeau liberalism.

● (1742)

*[Translation]*

**Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue):** Thank you, Mr. Speaker, for allowing me to speak on a matter as important as borrowing money to ensure the efficient operation of the federal government.

I noted the speech of the previous speaker as well as those of other members of the Progressive Conservative party. It seems to me they are all mixed up about that bill requesting authority to borrow money. Most hon. members refer to borrowings and expenditures. The bill is merely aimed at borrowing money and does not authorize the government to spend it in various areas such as agriculture, fisheries and so on. It is merely a bill to borrow money.

If we want to borrow money, it is surely to do something, to spend it. As I said, however, that amount will not necessarily be earmarked for specific areas. It could be used, for example, to maintain what is commonly called the cash flow. It could also be used to repay matured bonds. In short, it could be used for many purposes.

The official opposition suggest that the Liberal government is spending money in an irresponsible way. However, since last August the Liberal government is cutting expenses in almost all departments, wherever it is possible to reduce expenses. In spite of those cuts, the official opposition still suggest that we spend far too much money. Yet in the course of the last election campaign the Leader of the Opposition (Mr. Clark) said that if he were elected he would allow Canadians to

[Mr. Alkenbrack.]

deduct from their income tax return up to \$5,000 in interests or taxes paid on private houses.

A few simple calculations show us that such an exemption would cost the federal treasury about \$1.5 billion and again as much to the various provinces. In other words, by a very innocent electoral promise he commits himself and others to outlays of about \$3 billion. Since we know that the federal budget varies between \$43 and \$44 billion, such an expense would represent 6 per cent of the total budget and would result from a very arbitrary and hasty promise. If that promise were enacted, it would cost \$1.5 billion.

And the Conservatives have the nerve to say that we Liberals are irresponsible in our spending. I would really like to hear what they have to say about that \$1.5 billion promise. My contention is that not only it would cost the government a fantastic sum of money but it would be unfair to all Canadians. Tenants who rent their homes would not benefit from that exemption. Yet when they pay rent these tenants also pay interests, taxes and unavoidably a portion of their landlords' profits. But when the landlord determines the rent, he takes into account these taxes and interests. I think it would only be fair, if these credits are allowed, to grant them not only to landlords but to tenants as well. Incidentally, the province of Ontario has a system through which such things as interests and taxes are deductible. True, this system is restricted to a very small amount but on the other hand, it applies to all Ontario taxpayers, whether they are homeowners or tenants.

Another thing is very important. People whose houses are mortgage free could not benefit from this exemption even if the Progressive Conservative party could pass it because they do not pay mortgage interest. However, if such a measure were accepted, these people could mortgage their home for a sum depending on its value, let's say, for \$50,000. The same owner who took a mortgage loan of \$50,000 on his house could go to Florida, buy a condominium and live there during the winter months. Then he would be eligible for the deduction for the interests paid on his mortgage, which means that Canadian taxpayers as a whole would finance a portion of the condominium in Florida.

I said earlier that the present government has been reducing expenditures as much as possible since last August. I would like to bring hon. members to a place where I agree with the limitation of expenditures, namely my constituency where it affects me particularly. As we know, Mr. Speaker, the Central Mortgage and Housing Corporation has a definite purpose, which is to lend money to builders so that they resell their buildings to Canadian people with as little cash as possible. I understand that there are some other things related to the Central Mortgage and Housing Corporation, but its main purpose is what I have just mentioned. However, along the way some contractors went bankrupt. The Central Mortgage and Housing Corporation, as any mortgagee, was therefore forced to take over its property and in many cases even had to