

Mortgage Tax Credit

points out that net investment, which is what gives an economy its growth, production and rising living standards, has fallen from around 13-14 per cent of the gross national product in 1965-66 to less than 8 per cent in recent years. Net investment has thus fallen from almost 50 per cent of government current spending to around 20 per cent.

It should not be our object to reward people who live in homes. What we want is to create a fiscal system which attracts capital into productive sectors. That is why I put my question to the Minister of Finance the other day asking him whether he was considering introducing some kind of tax credit to attract capital to the small business sector, where at the moment companies are labouring under high interest rates. They could use a project of that kind at any time, but particularly now when they are burdened with such high interest rates. The need facing us today is for capital in certain sectors of our economy, that is, in the productive sector.

But what about housing per se? The C. D. Howe Institute in a report which was published earlier this year asked the question: Does Canada have a housing problem? The Institute said:

While it has been in the interests of both private sector builders of housing and those in government responsible for public housing to create the impression that serious problems exist, housing statistics indicate that generally Canadians have become better housed than they were 20 or 30 years ago without increasing the proportion of their income spent on housing.

The quantity and quality of housing has constantly increased in this country, and as the hon. member for Broadview-Greenwood pointed out, the housing picture here is roughly equivalent to that in the United States where there is mortgage deductibility as well as many other forms of interest deductibility. This being the case, surely we are targeting the wrong area. That area is not where the need lies.

Allow me, Mr. Speaker, to read into the record just two other comments from observers whom I regard as very objective. Again, one is Mr. Boeck from the "Bank Credit Analyst" who states as follows with respect to this specific scheme:

As for the government's scheme of mortgage interest and property tax deductibility, I think it is an absurd, inefficient way to cut taxes. It was solely a cynical election ploy to buy votes through creating a handout to that large special interest group—homeowners. On grounds of equity, there is now a tremendous clamour for renters to cut themselves through a tax break of their own.

People should not be given tax rebates based on how they spend their incomes. This only drives up the price of the items for which they are being subsidized—houses and mortgage interest costs. Tax breaks should derive from working, producing, investing and saving. That is the fairest and most desirable in terms of accomplishing the nation's economic and financial objectives.

I would have thought those were objectives which hon. members on the other side would share. Apparently they are not.

More recently, an editorial which appeared in "Canadian Building" in October was brought to my attention. One might think they would have an interest in this program. The article has the following to say about it:

The mortgage interest deductibility scheme which raised such high expectations during the election campaign has become as explosive as other hastily improvised promises of that time such as the embassy move to Jerusalem and the privatiza-

[Mr. Johnston.]

tion of Petro-Canada. The reasons are the same. MID was a badly conceived idea proposed for the wrong reasons and introduced at the worst possible time. MID has been condemned by virtually every serious study. Benefits are limited and temporary, but the costs are massive and perpetual. It is a cumbersome, discriminatory and counter-productive allocation of capital resources. It will distort the tax structure, rental sector and money markets and it will increase house costs, interest rates, property taxes, inflation, individual debt and federal deficits.

I read that, Mr. Speaker, because we could not say it better ourselves.

● (1550)

Given all this information, given all these studies and given the fact that hon. members on this side of the House—like myself, for example—have repented and recognized that this was a bad plan since we first examined it, how is it that the Minister of Finance insists on putting this bill forward as being in the best interests of Canada and of Canadians, and how is it that he has so much support from his backbenchers, who are toeing the party line? I am not sure, but I suspect in the case of the Minister of Finance that there is an additional problem for him. I made a conversion, as I just described, from being a supporter of this plan to being a detractor of the plan.

As hon. members know, the Minister of Finance at one time was an outstanding member of the Liberal party in Newfoundland, and I suspect that underneath his flamboyant exterior there still lurks a somewhat Liberal personality. Perhaps he is being put to the loyalty test. Hon. members have probably seen those films in other instances in which somebody comes over to your side, but you want to make sure he is really on your side so you make him shoot one of the prisoners or poison a member of his family. Well, the Minister of Finance in this case is being called upon to put forward in this House this atrocious, regressive fiscal measure which he knows full well is not in the interest of anybody. In fact, as I read his speech, it becomes very apparent that he is unable to treat the matter seriously and wants to expedite its passage through the House as soon as possible.

I am on record on this issue a number of times. My colleague from Winnipeg has pointed out many of the social problems associated with it. There are many other speakers who will bring their points of view to bear on this problem and who will demonstrate what a serious question this is. It is not a question of this debate being a filibuster. I say in all seriousness that I think this Conservative government is at the point of foisting a law upon our country which will have very long-term, serious, negative consequences.

I think I am in a unique position when I make that declaration, having proposed the idea before it came to the attention of hon. gentlemen opposite and having rejected it after serious examination. Hon. members opposite have had the opportunity for serious examination. I wish they would reject it themselves, but that does not appear to be the case because they are intent on trying to save what is left of their political credibility, if there is any.