

Housing

to the greatest extent possible. The government is recognizing its responsibility in the matter of inflation and an effort is being made to curb the expansion of the public sector and to keep government expenditures more in line with government revenues. Inflation has an important bearing on the cost of money. As investors lose confidence in the power of the economy to control inflation, they are less and less inclined to make fixed yield investments in mortgages, even at high rates. Investment in equities provides dividend income which more or less constitutes a hedge against inflation. Mortgages, as an investment, are unpopular for another reason. Our tax policies tend to discriminate against interest income. The investor who chooses an equity investment, such as a stock, enjoys two sorts of tax benefit. If the stock increases in value, the profit he earns on its sale is classed as a capital gain and is generally tax-free; the dividends he earns while waiting are subject to a dividend tax credit which also provides tax relief. The investor in a mortgage, on the other hand, not only pays income tax on the full yield at the highest rates, but is unprotected against inflation. It is partly for this reason, namely, to obtain a hedge against inflation, that interest rates have risen as they have.

● (4:20 p.m.)

To save the time of hon. members, I will merely refer to Private Members' Notice of Motion No. 61 which proposes a tax measure to encourage lending. In summary, Mr. Speaker, while there are measures that the federal government can and should adopt in the interests of providing more housing, the actions of the Minister of Transport fail to focus attention where it primarily belongs, that is on the provinces and municipalities.

Hon. George Hees (Prince Edward-Has-tings): Mr. Speaker, the housing crisis which exists in Canada today has been very adequately described to the house by my leader, the leader of the New Democratic Party and his deputy leader. I intend this afternoon to deal with some of the other reasons, in addition to the frustration with the government's refusal to deal adequately with this problem, which caused the Minister of Transport (Mr. Hellyer) to hand in his resignation yesterday morning.

I want to take a look at the kind of man he is to see if he is the kind of person who through pique and for picayune reasons

would suddenly make a decision of this magnitude for himself and for the country. I also want to examine the other reasons why he found it necessary to take this important step yesterday.

Those of us who have known him in this house for 20 years, look upon him as a very deliberate man, one not given to hasty decisions or making unreasonable moves. In fact, most often he has been criticized for just the reverse. He is not an ordinary member of parliament or an ordinary member of this government. He is a man who has served in three governments under three prime ministers. He has served in this house for 20 years.

The Minister of Transport also serves as Deputy Prime Minister, a post assigned to him by the Prime Minister (Mr. Trudeau) because obviously the Prime Minister considered that he was the man most able to direct the affairs of this country while he, the Prime Minister, was absent. We must remember that not only we who know him from the other side of the house consider him a thoughtful, reasonable and reliable man, but also the members of the government and the Prime Minister. I, as well as others, know that to resign from the government is the most difficult decision a man in public life can ever make. It is only taken after a very great deal of consideration and heart-searching and with great reluctance. It is, therefore, obvious that the Deputy Prime Minister in taking this step took it as a thoughtful, deliberate, reasonable man, held in high regard by those with whom he works and those on the other side of the house.

What are the differences between the Deputy Prime Minister and the government which caused him to take this step yesterday morning? We have his own words to explain the reason for this decision. The Deputy Prime Minister, at a press conference yesterday morning, stated that the greatest difference between himself and the government that prompted him to take this most important step was the Prime Minister's attitude toward government itself. He described it, and I quote his words, "as the Prime Minister's classroom brand of federalism which is hobbling progress in the country in four important areas." He mentioned them as being housing, pollution, urban development and control of inflation.

I suggest, Mr. Speaker, that we look back for a few minutes to the election of last June and remember what the Prime Minister promised in these four specific fields. In the