

Moreover, there are all those who pay no income tax. How can someone with a mortgaged home who does not pay any income tax be granted a tax credit? Yet, according to statistics, some 200,000 people have mortgaged homes and pay no income tax. And those who pay no tax are those, need I say, who have comfortable incomes.

Some home owners have already paid off their mortgage because they have worked hard to avoid getting into debt, unlike their governments, and have paid cash so as not to mortgage their future. Those Canadians will not benefit from this measure, and there are millions of them. And what about tenants? Interest rates are included in the rents. What about tenants? These people have to pay their rent. The owner of multiple units pays interest and includes capital costs, interest costs, maintenance costs, etc., in his rents.

Then what will this bill bring indirectly to this group of citizens later on? The budget will then have to be balanced, a hidden tax will have to be collected somewhere. More than half of those five million home owners, Mr. Speaker, will not benefit from it. One has only to refer to the figures given to us by the minister in the House yesterday. Who will benefit most from it? The big owners, those with the largest mortgages, those with the most mortgaged property—it is therefore an incentive to debt—those with the most recent mortgages, those who pay the highest interest rates. The higher the interest rate, the higher the tax credit, within the limits set by the government, of course. Therefore, I say that in the latter case, for those who pay the highest interest rates, it might become a hidden subsidy to financial institutions.

Mr. Speaker, as far as the distribution by province is concerned—because we do have constitutional problems—let us not play the ostrich and bury our heads in the sand. There are regional economic disparities that are extremely important and serious, and which threaten the political structures of our country. Let us look at the number of home owners by province. We see for instance that in Quebec, only 47 per cent of the people own their home, while in Ontario and in the prairies, the percentage of home owners is about 62 per cent. Have compensatory measures been considered in order to counterbalance such inequity? I did not hear a single word from the government—

**Mr. Rae:** Right on!

**Mr. Roy (Beauce):**—hence, indirectly, the federal government contributes by its measures to maintaining the economic disparities which exist in the country. One also finds that in the maritimes the problem is different since this is where the number of mortgages is the lowest. That means of course that the people in the maritimes will benefit much less from this legislation than others, and yet the maritimes also have their problems. Have those things been considered? That is why, Mr. Speaker, I say that even if the measure benefits a number of home owners, it is an ill-designed, ill-conceived and half-

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baked piece of legislation. It is not part of a legislative package that should be put forward by a new government intent on putting our economy on the road to progress and prosperity.

Mr. Speaker, this legislation would indirectly contribute to higher mortgage interest rates and that is true whether we are prepared to admit it or not. Some people are still paying interest rates of 6 per cent. Of course they are fewer than those who pay 7 per cent, 9 per cent, 8 per cent, 11 per cent. And we know all about mortgage renewal clauses. Moreover, a few days ago a member from the official opposition introduced a motion pursuant to Standing Order 43 to suggest a measure which would prevent financial institutions from renewing their mortgage contracts at higher interest rates. Now we have here an indirect stimulus for financial institutions to raise their mortgage interest rates. I also read an advertisement published in *Le Devoir* dated November 9, 1979, on page 17 and I quote: Montreal Trust reducing mortgage rates.

—because this is news we are not used to—

At last, some good news in the troubled sector of interest rates: Montreal Trust announced yesterday that it was lowering from 14½ per cent—

—no less—

—to 13% per cent the interest rate on conventional five-year mortgages.

Mr. Speaker, I would like to know if this is not an incentive to prevent financial institutions, which would be tempted to lower their interest rates, to maintain their present rates so as to share between them, one might say, the government measure that is proposed now. So, Mr. Speaker, before concluding, I suggest some recommendations should be made in order to avoid the two dangers I just brought to the attention of the House, namely, the indirect incentive to raise interest rates, or rather an indirect intention to prevent the lowering of interest rates. The law should be amended so as to have an interest rate of 3 per cent or 4 per cent, whatever the interest rate is, but it should be limited to around 3 per cent or 4 per cent for everybody, for anyone benefiting from the act. Thus, whoever pays 9 per cent interest can benefit from the same rate of decrease on his mortgage rate as whoever pays 12 per cent or 13 per cent, and financial institutions will not be encouraged to increase their rates, nor banks to do the same when they already make outrageous profits. I must say I am somewhat surprised to hear the NDP talk about the banks. Our friends the Creditistes have been doing so for 25 years: I think they are starting to get the message across the way.

I do not know whether the message is better understood because we sit across the way from each other nor if that is the reason why our colleagues of the New Democratic Party are finally looking into that question; because we sit across from them perhaps it helps them to understand better. But, in this connection, all legislation on banks, including the Bank of Canada, should be examined. When, Mr. Speaker, will Canada be able to depend on a Canadian monetary policy? The governor of the Bank of Canada has said that, in fact, there is no Canadian monetary policy. That is our problem.