

Mortgage Tax Credit

It is no wonder that there is labour unrest among the young people. The cost of supplying this basic human necessity has increased by leaps and bounds over the last half dozen years. Young working people must scabble very, very hard in order to meet monthly payments, and, as a result, in many instances both the husband and wife must work. There are cases where families postpone having children because they want to buy a home.

Any member from a riding in which there are a fair number of young families, particularly members from suburban ridings in major Canadian centres, who knocks on doors and listens to his constituents will very quickly realize the extent of the problems that young working people face.

● (1750)

In answer to that need, the Saskatchewan government and the New Democratic Party of Saskatchewan in the last provincial election proposed a scheme to help new home owners, especially those who were less well-to-do. I noticed that an hon. member opposite from the Edmonton area referred to this. The Minister of Finance also referred to it in his speech, as reported in *Hansard* of November 19 at page 1464:

But the Ottawa government, the PC government stimulus and mortgage interest deduction, is going to be voted against by the NDP in this House, while the NDP in Saskatchewan gives its own mortgage interest deduction. What is wrong with this mortgage interest credit? Is it because it is being introduced by Tories that these idealogues down in the corner are going to vote against it?

It is not because it is the Conservatives who are introducing this particular measure that we are against it. In fact, if we can persuade them to accept amendments in committee, we will probably vote in favour of it. The essential difference between this proposal and the Saskatchewan proposal is that this one will tend to help those who are already well-to-do and who do not need the help, while the Saskatchewan proposal is geared to income. It has a ceiling to ensure that the maximum \$250 reduction in the provincial income tax which is related to the first \$1,000 in mortgage interest payments is reduced as an individual's taxable income rises, so that there is a minimum deduction of \$100 per year. In other words, as the ability to pay the mortgage increases, help from the government decreases. Those least able to pay for the mortgage receive the maximum benefit from the program.

That makes sense to us, Mr. Speaker, and I hope that hon. members opposite will also see the sense of it and accept our amendments in committee. I think our amendments will help them bring about all the things they would like the program to achieve, such as making housing more accessible to the Canadian people without increasing the government's deficit. I hope hon. members opposite will not be caught up in their own ideology and partisanship when it comes to voting on some of the amendments that we will propose in committee.

We are quite unhappy with the fact that this legislation will not benefit a great many people. It is really a major income redistribution program, a major tax item. Billions of dollars will go back to Canadian taxpayers but there is still a large number of people who will not benefit from the scheme. Hon.

members who have any sense of fairness will recognize that this is an unattractive aspect of the bill.

When the Saskatchewan program was introduced, it was accompanied by a \$115 renters' rebate so that they could also benefit from the program. The provincial minister of finance, Mr. Ed Tchorzewski, issued a press statement on September 14, 1979, in which he made this point:

We have in the past, and will continue to urge Ottawa to adopt a national program that is equally fair and balanced. It is well documented that tax deductions benefit upper income groups far more than the rest of society. Our tax credit plan, on the other hand, will ensure that the benefits will go to Saskatchewan taxpayers in relation to their needs.

The government took at least a partial step in the right direction when it changed from a tax deduction to a tax credit program. The amendments that we will offer at committee stage will urge them to take the other step, which will make this program much more acceptable and of greater benefit to the Canadian people.

We are concerned, Mr. Speaker, that Canadians have decent housing, and this program fails in several criteria. When we first examined it, we wondered if it was a tax policy, but I think, as other hon. members have also said, that as a tax policy it is unfair and regressive. It is a redistribution of income in a reverse sense: it helps those who are capable of helping themselves but does not offer any help at all to those less capable.

When we examine the American experience, figures from the U.S. treasury for 1977 show that 15 per cent of U.S. taxpayers, those in the highest income bracket, received 75 per cent of the benefits under their program. That is not a fair distribution of income, Mr. Speaker. I would suggest that the proposal before us has the same drawback. It does not make sense economically, and given the present high interest rate it will not do much to stimulate the housing industry. In fact, that industry will remain somewhat dormant until interest rates begin to go down. I do not believe the program will ultimately reduce the cost of housing; instead, I am afraid it will increase the cost.

Now, we must ask if it is a housing program and, if so, what sort of housing program. During the debate the Minister of Finance said it was a housing program, not a financial program and not a tax program, but a program whose major purpose was to make housing accessible and to relieve home owners of the high costs of housing in this country.

We are concerned that after the second, third and fourth years of the program, when its benefits are maximized, it will increase the demand for housing and, ultimately, the cost of housing. Economists have estimated that in years to come the cost of housing, because of this program, could increase from 10 per cent to 25 per cent. This kind of increase then gets built into the cost of housing. This has been the experience in the United States where they now find it impossible to withdraw the program. The tax benefits have been built into the homes and withdrawal of the program would mean a reduction in the value of homes, so it is locked in. Increasing the cost of homes does not make housing more accessible. Ultimately young