

Mortgage Tax Credit

and the increase of this was much greater than the growth of the province's economy. It is small wonder, then, that many prudent investors were having second thoughts as to the integrity of Manitoba bonds. It is an anachronism of Canadian politics that when a province pursues prudent financial courses its citizens are penalized in a tax way because the federal tax system is able to take a greater share of the tax income as the province's share diminishes.

If we are serious about fighting inflation, there are many things we can do, but they all amount to a reduction of credit in order to reduce the total spending of the country. This might be done now by the control of interest rates, by the control of new credit or by way of new directions in the economy.

It is widely said that the cure for inflation will increase unemployment. This measure will do something to stimulate house building. But it also may be said that the increase in inflation will also bring unemployment as the bad effects of inflation manifest themselves. In other words, unemployment will occur whether in the cure of inflation, in its containment, or if it is allowed to run rampant, as at present. But, as evidence in South America shows, inflation is particularly damaging to middle-class virtues and financial positions. Certainly home ownership is one method by which the middle class can to some extent guard against inflation.

I would like also to point out to those who question high interest rates that it should not be forgotten that for a long time the people of Canada have been finding that their savings are being eroded as inflation speeds up. For every borrower there must be a lender, and a sober survey would show that anyone who is in the 50 per cent income tax bracket would have to have a 20 per cent return on his investment to break even.

The government has made a start in attempting to control the financial mess of the last ten years. Through this bill it has shown that it understands the necessity of broad home ownership across the country and that a measure of fiscal elbow room will be allowed to municipal authorities so that this most efficient of the three levels of government in the spending of taxpayers' money, which it controls, can be allowed to function.

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, this bill we are debating today, Bill C-20—

Mr. Paproski: Who won the game, Hal?

Mr. Herbert: I must admit, in reply to the interjection of the hon. member opposite, that I was devastated on Sunday!

Mr. Kempling: How much did you lose, Hal?

Mr. Herbert: Having cried all week-end, I can only look forward to better success next year.

Mr. Paproski: Hear, hear! Well done, like a great sport.

[Mr. Ritchie (Dauphin).]

Mr. Herbert: To get back to the serious business which might take the smiles off the faces of the members of the government party, this bill to amend the Income Tax Act to provide a tax credit in respect of mortgage interest and home owner property tax is without doubt the worst piece of discriminatory and unjust legislation which has ever been presented to this House. It is my fervent hope that the evil, the greed and the discrimination that are integral parts of the bill will never be inflicted on the Canadian people. This is a disgusting ploy for votes by the Tories and a disgraceful affront to our intelligence. It is degrading to the people of Canada.

I cannot find enough adjectives to describe my dismay that in such difficult times as we are facing today the Tories produce just one major measure, and that one is so inherently bad that it can only contribute to the serious problems in which we find ourselves as a result of worldwide inflation and recession. At a time when this country needs leadership and the wisdom of good government we are presented with a bill which cannot accomplish either of the main objectives for which it is being introduced.

Before I go any further I want to comment on some changes which have already been made in the bill in the hope that other worth-while changes can be made at the committee stage if this discriminatory piece of legislation is eventually to see the light of day. As the House will be aware, I took a very strong position against the suggestion which was made by the then leader of the opposition, the present Prime Minister (Mr. Clark), in September of 1978 when he made this ploy for votes, by immediately communicating with the media in my own region. I immediately included in my letter to my constituency my horror at the possibility of getting ourselves into the mess in which the U.S. has found itself and my view that such a bill should not be introduced in the Canadian House of Commons.

• (1530)

I went on to list my numerous objections to this measure. Amongst my objections, which were recorded back in the fall of 1978, were three points which the government has now taken into account. I mention them because I hope the government will continue to take into account our representations; and if we are to have a bad measure, let us at least try to get rid of the worst features of the bill.

I was very pleased that the government brought in the point that in the case of only one spouse owning the home, which might create some difficulties with the tax returns, the couple could make the choice between them. This would allow the family to decide the best way in which they could take advantage of this tax measure.

I also pointed out at great length the problem of interference in provincial jurisdiction in connection with municipal taxes, and I still emphasize that this is interference in a provincial jurisdiction by a government that has talked at length about the need to confer with the provinces and has even suggested that we have gone too far with CMHC in the housing field