

nate that the former government caved in to, at that time, Conservative opposition recommendations that we abolish the urban affairs department. As far as I am concerned, that was one of the most foolish things the previous government did, and this is one of the areas where the need remains and expenditure requirements are going to be increasing. Federal government involvement will continue to be necessary.

● (1540)

The United Nations, the North Atlantic Treaty Organization, the Council of European Parliament and other such organizations all feel that they have a role to play in urban affairs, but the federal government feels that it does not have such a role to play. That is pure nonsense. Further expansion is necessary.

What the present government is doing by putting all their eggs in one basket through a tremendous burst of expenditures is tying their hands well into the future and inhibiting or preventing any future government from becoming involved in these matters which are so necessary to the future well-being of Canadians, particularly those in our urban areas.

Mr. Herbert: Mr. Chairman, if one cannot persuade this government to withdraw this extraordinary, discriminatory and unjust bill, then we must at the very least ensure that there is a day of reckoning where maybe common sense will prevail. That is why I support a sunset clause in a measure which, even if it had any redeeming features, is far too expensive in these difficult times. If the full cost of the program as given by the Minister of Finance is distributed, we see that the cost of the mortgage interest deductibility proposal is equivalent to almost 20 per cent of the tax load of the individual taxpayer. That means that one dollar in every five dollars of the taxes paid by everyone—the poor, rich, young, old, single family parents, including all renters and all those who do not have mortgages on their homes—goes to pay for the program.

The Minister of Finance when speaking on this bill made the extraordinary statement that in 1974 with this bill 230,000 tenant householders could have become householders. Surely, this is the most absurd statement that has ever been made in this House. He also said that only 1.5 million people will get the property tax credit, which means that these people have homes that are not mortgaged. The Minister of Finance also said that this bill will help city housing to compete with suburban housing. Even if it were true, is that a desirable objective?

The Minister of Finance says that the plan is the same in every province. He forgets the difference in living style in Quebec. He also chooses to forget that this bill is the most discriminatory that has ever been presented in this House. One member suggested that one of his objections to this bill is that it is racist in nature. Well, I will let everyone judge on that, as I repeat that any bill that gives \$2 to those who list English as their first official language while giving only \$1 to those who use French as their official language is at least biased in favour of one language group.

Mortgage Tax Credit

An hon. Member: Explain that.

Mr. Herbert: This extraordinarily iniquitous distribution of public funds derives initially from the fact that there is approximately 70 per cent home ownership among the nominally English, compared to 45 per cent among the Francophones. Taking into account the difference in property values and the lower average mortgage level in the Francophone group, it is easy to see that the \$2 for the Anglophone group compared to the \$1 for the Francophone group is discrimination of the worst kind and is not likely to be a unifying force in this country.

The Assistant Deputy Chairman: Order, please. I would ask the hon. member to relate his remarks to the amendment to this bill. I think he is straying from that amendment.

Mr. Herbert: Mr. Chairman, my reason for making these remarks, the reason I want to see this amendment pass and why I want to see an end to this legislation, is because the proposed amendment would ensure that when the government is changed in the foreseeable future there will be a vehicle for the new government automatically to end this discriminatory legislation. I am giving my reasons why it is important that this legislation be ended. I am sure that it will be ended via the passing of this clause, which will put a termination date on this bill and stop a situation which is at the present in force in the United States, even though it is undesirable, because it is impossible to stop.

The Tories have talked about putting sunset clauses in legislation, but they oppose a sunset clause in the first major measure which they introduce in this House. Let us examine the effect of this legislation on those who rent. The Minister of Finance in his remarks was critical of those who rent, inferring that one is less than Canadian if one does not have a burning desire to own a home. The person who rents pays for the higher cost of financing apartment buildings. The renter also pays when single family lodgings are given a tax advantage because it means a relative decrease in the value of apartment buildings and, therefore, a lessening of incentive to construct such buildings. Or, to compensate, it would be necessary for the building owner to increase the rent.

Let me read a short extract from a letter dealing with this subject which was written in November by the chief economist of the Canadian Construction Association:

To understand ownership and renting, one has to view the home owner as a business person very much like the owner of rental property. The only difference is that the home owner engages in a 'not at arm's length' transaction, meaning that he sells housing services to himself. High rates of ownership relative to renting indicates that the return from an investment in home ownership is more than the return to the owner of rental property. The deductibility of mortgage interest for the home owner simply enhances an already better than average return he realizes. The ultimate net effect has to be again in asset value, which is an obscure way of saying that the prices of housing units for ownership will rise relative to the price of rental properties. The home owner realizes a capital gain but at the expense of the owner of rental property. This is discrimination, pure and simple, against the owner of rental property. Furthermore, in terms of altering the ownership—rental rates, nothing is accomplished.

The basic issue is the use of the tax system to allocate resources in a way different than what would result from the market system. There is not only no