

per cent in interest rates, one million households have been taken out of the real estate market.

● (1530)

[English]

With mortgage interest rates running at about 14 per cent to 14.75 per cent, families will not buy homes. This is partly because of higher carrying costs which have eliminated 900,000 families from the ownership market, and partly because of expectations that mortgage rates will come down when this government is kicked out of office and replaced by sound managers. The additional carrying costs on a 25-year \$55,000 mortgage taken at 14.75 per cent over one taken at 11 per cent for the same period of time, are \$106 a month or \$1,752 per year. This amount is added to the housing bill.

The result of these high rates is that the housing industry is experiencing a severe slump. Unemployment will be high in the construction industry, bankruptcies will increase, and the residential construction industries such as forestry products also will experience difficulties. Since residential construction multipliers are relatively high, the shock to the economy will be severe.

It is predicted that housing starts in 1980 will be at the lowest level since 1967. I think that is shameful. In the short term, there will be serious sectoral and economywide problems brought on by the fall of housing starts. In the long term, house prices may be higher than they otherwise should be, as builders who stay in the industry will have to recoup their losses and charge a higher risk premium for continuing in the industry.

[Translation]

In short, Mr. Speaker, the Progressive Conservatives offer no assistance to those who must renew their mortgages at outrageous rates except to tell them that they have nothing for them and they will do absolutely nothing to help them. The rental market will also feel the effects as it is already showing a decrease of about 30 per cent in housing starts. Tenants will get nothing from this program.

As I suggested earlier, in my riding there are very serious disparities and very serious discrimination against older people, women and single-parent families. This bill discriminates against those who live in downtown areas because 60 per cent to 70 per cent of them are tenants. It is a fact, Mr. Speaker, that this program neither meets the urgent need to lower interest rates nor the housing needs of Canadian families. Bill C-20 represents an expenditure of \$2.5 billion after four years and for every year after that. This bill represents for this year, 1979, an expenditure of \$575 million.

As I asked at the outset, Mr. Speaker, where is that money coming from? This bill proposes to reduce federal taxes for maybe 30 per cent of the people. The question that needs to be asked is, who is going to pay for those lost revenues? There is no Santa Claus in Canada as far as I know. Are the people who benefited from the tax credit going to pay in some other

Mortgage Tax Credit

way either through a tax increase or the loss of services or a reduction in federal programs? Or is it rather to be all Canadians, whoever they are, including tenants, senior citizens, those who paid for their houses and do not have mortgages, the poor in society? They will have to pay for the deficit. They will have to make up for lost revenues.

In all good faith, Mr. Speaker, we cannot support that plan before we get an answer from the Minister of Finance (Mr. Crosbie) who has the duty to give us a final answer as to how he is going to arrange the public moneys in order to make such a tremendous expense of \$2.5 billion in four years.

Several people think, Mr. Speaker, that this government was probably elected on that famous election promise, this government that changes its mind like a weathercock in the wind depending on whether it is convenient or not. This government threatens the country with an election every time it is asked for some explanations and details on its policies and it expects that all members, who are answerable to their constituents, will remain quiet about a bill which contains so much inequity and injustice.

Indeed not, Mr. Speaker! We shall not expect jokes and antics from the Minister of Finance in the House, we want answers to our questions. We are going to ask a lot of good questions in committee, and we hope the minister will then be a little more serious.

[English]

The Liberal alternative would seek to achieve objectives which would reduce the affordability problems experienced by low income Canadians, reduce the short-term hardships caused by high mortgage interest rates for those who must renegotiate their mortgages, cushion rapidly increasing home operating costs caused primarily by energy price increases, and finally stimulate where needed the residential industry.

We must address ourselves to the real equity measures which are required, such as a national rental assistance program so as to afford relief to renters in our cities who pay up to 40 per cent of their gross income on rent. Approximately 65 per cent of elderly non-family renters are in need. A national rental assistance program for the elderly and single parent families would do much to reduce affordability problems. The government is silent on the needs of those who cry out for help and assistance at this time, yet it has the audacity to threaten to impose this bill, without amendments, upon the Canadian public. I personally favour the tax credit approach, but certainly I do not think the deductibility or tax credit allowed for mortgage interest is a favourable or very good measure.

In my riding of Ottawa-Vanier, we carry the third highest per household residential tax load in Ontario. This may come as a surprise to many members in the House, but the source I am using is a table prepared by the municipal finance branch, treasury and economics, of the province of Ontario in which households in Ontario are weighted according to the residential taxes per household. Ottawa comes third after Mississauga and Burlington. The tax per household is \$720 per year. This