

*National Housing Act*

that has been said since. Therefore house construction in Canada is going to feel the effects of the increases in the interest rates.

I wish to say that the government ought to be fair, frank and honest with the house and say what it is that prompts them in looking at such inflationary forces as exist today to take those measures. If inflationary forces are present let them say so, and let them relate what measures they are taking to their objectives in meeting inflationary forces; but as long as they are going to go on commending the boom and saying precious little, if anything, about inflationary forces, then we shall continue to argue that increased interest rates are going to have the effect of reducing in some measure the construction of needed houses in Canada.

Sir, the effect of this increase in interest rates is going to make itself felt in relation to house construction in more ways than just by its direct effect in increasing the rates effective under the provisions of the act. It is having that very direct effect and it is going to have an even more acute effect in its bearing upon the ability of the municipalities to participate in the role assigned to them under the scheme of the National Housing Act in relation to house construction. I shall have a word to say about that in relation to the next subject which, it seems to me, has not been adequately recognized in the remarks by the minister today. It is the financial problem of the municipalities.

It is true that today the minister at least recognized the existence of what he called a "severe strain on the structure of municipal government" which he intimated had been cast upon it in relation to housing needs. Well, sir, it is going to take more than a phrase of that kind to grapple effectively with a major bottleneck that is impeding the construction of houses in Canada today in volume adequate to meet need, particularly on the fringes of the urban areas. For bear in mind, sir, that while we are dealing with figures in the aggregate for all of Canada, we cannot average housing conditions over the whole of Canada or apply national statistics as such to local situations.

This is a problem that is very acute in its proportions in the great urban areas and on their fringes; and, sir, I say, as I affirmed in speaking on this matter on Tuesday, that we are not going to have an effective solution of the housing problem in those areas to which I have made special reference unless something is done to meet the financial problem of the municipalities concerned. That is not going to be met unless the federal government offers redress, because this is a problem beyond the revenue resources of the

municipalities; this is a problem beyond the revenue resources of the provinces.

The proven inadequacy of the revenues of the local governments to meet their problems in relation to housing has been made more acute by reason of federal policy in relation to interest rates in recent times. Hon. members of the house by this time are aware of the statement made yesterday by Premier Frost of Ontario in relation to the effect upon provincial financial problems and municipal financial problems of the increase in the interest rate brought about by decision of the federal government and implemented through action taken by the Bank of Canada. The *Globe and Mail* of this morning, reporting his speech following a conference with representatives of metropolitan Toronto, contains the following:

The Canadian economy is being jeopardized because of federal government tinkering with interest rates, Premier Frost charged yesterday.

And further:

Almost all of Ontario's 1,000 municipalities, and the province itself, are in the same position, the premier declared, and the situation has only been aggravated by money becoming more difficult and expensive to borrow because of federal action.

Let no one within the federal government pretend that they can escape responsibility for the increasing gravity of the financial problems of the municipalities. While this financial problem of the municipalities has wider connotations and ramifications than those brought about in the housing field, nevertheless it is bound to be felt in very acute form in relation to the need of housing. Therefore I say that the responsibility in relation to this problem is going to be laid where it belongs, that is on the doorstep, or, if you please, on the shoulders of the federal government.

It is an unchallengeable fact that the municipal financial problem in Canada today, which affects municipalities in this country by the thousands, cannot be met without effective federal action to assist them in enlarging sources of revenue or relieving them of some burden of responsibility now cast upon them.

The fourth matter that was commented upon on Monday, and which it seems to me the minister has not adequately answered, dealt with the administrative side. The great and lamentable delays that have occurred have resulted in the loss of precious time. I urge again upon the minister with all the earnestness at my command that he put behind this housing legislation and behind Central Mortgage and Housing Corporation as the agent of the government all the drive of which he is capable. We may as well save our breath and not spend time passing