families which are being met with exorbitant increases in almost every area in which they must spend money. We are talking about Canadian families whose working members are faced with lay-offs. We are talking about Canadian families which cannot afford to renew their mortgages because of exorbitant interest rates. We are talking about Canadian families which expect from their government that an attempt will be made to put right the ills which the government through its neglect, has created.

I want to point out to hon. members, who may not have taken the time to realize the impact of what is going on, that the Prime Minister says—and I think he will rue these words for the rest of his life—that people will have to set new priorities, do without, tighten their belts.

● (0300)

Let me tell you that the average weekly wage in Canada today is almost $318 a week, which works out on a yearly basis to $16,536. That represents a disposable income of about $14,000, with any luck at all. If that person attempts to buy a home anywhere in the country today, he will have to assume a mortgage of about $50,000. If he went to the Bank of Montreal tomorrow morning and attempted to amortize that mortgage over the next one, two or three years, he would be told that the interest rate he would have to pay would be 18.5 per cent, which would work out to $752 a month, or $9,024 a year. That says something about where the average Canadian working in an average job and earning an average income fits within the scheme of things in terms of owning a home. I want to personalize this a bit by saying that the three bedroom house which I bought in 1962, cost $14,880. I was then earning $5,200 a year, and there I was with three little kids; my principal and interest was $88.60 a month and the mortgage interest rate was 6.5 per cent. That house on the market today, the same house, would cost just over $60,000.

Mr. Evans: You would not take it, would you?

Mr. Deans: I am not talking about my house. I am saying that the same house would cost just over $60,000. If my son were to work in the same job in which I worked in 1962 when I bought that house, he would be earning $21,000 a year and he would not qualify for the mortgage. That is what has happened to the economy of this country under successive Liberal governments and that is why this is an emergency. What we have seen happen is a deterioration of the entire structure which we had in place to allow people to realize the dream which most have, that is, to be able to own their own home, to pay it off some day, to retire and live there, and to be able to pay for it out of their income. That is not trumped up, Mr. Speaker, made up, fanciful. That is reality and that is what this government does not seem to understand about what is happening to Canadians. The opportunities for Canadians to do the kinds of things they were able to do just 18 years ago has virtually been taken away. Now we find that even if a man or a woman were to get a job paying 50 per cent above the national average, they would not qualify for the purchase of a house which could have been purchased by a person earning at the national average 18 years ago. That is what is wrong with your economic theories over there—they are a lot of nonsense. They do not work, and we have an obligation to those concerned. This is what Parliament is all about. You cannot turn around and say that this is the responsibility of the governor of the Bank of Canada. Damn it, it is the responsibility of the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Deans: I want to say something to members opposite about this. You cannot possibly fight inflation with high interest rates because high interest rates are the primary cause of inflation. The fact that manufacturers cannot afford to borrow at the high interest rates which are now being charged to carry their inventories causes inflation because it forces the prices up and results in bankruptcies. The fact that consumers cannot buy the products which are being manufactured because high interest rates put the price beyond their capacity to pay reduces productivity. If you reduce productivity, then, quite obviously, you have to lay people off. And if you lay people off and they are not working, they cannot buy. And if they cannot buy, damn it, anybody can see that that reduces productivity even further. Surely it makes sense to anyone with even half a brain—and I am sure that somebody here has half a brain—that we will have to start the recovery process by developing in Canada a domestic economy which will enable people to purchase the goods that they themselves manufacture.

I do not know if members realize what has happened all across this country. I have spoken many times in this House about the automobile industry. It must be boring you half to death by now, Mr. Speaker. Yet if you look at it, you find that it is really the backbone of Ontario's economy. It provides more employment than any other industry in the whole of Ontario, yet it is on the decline day after day. I want to tell you about the prices. What has happened in the auto industry? On December 7, Chrysler in Windsor laid off 3,000 people. By January 5, Ford will have laid off another 3,100 people, and part of the reason, if not the entire reason, is that people cannot afford to buy the cars being manufactured because the interest rates charged put them out of reach of the average individual. I suggest to this government that it is time we set an independent path. I realize that some of the things we offer as short-term assistance are costly, but it is short term. I also realize that we must have in place some long-term plans for the development of the industrial base of Canada. We can only do that if we sustain the domestic productive capacity and if we can put into the domestic consuming economy sufficient money to raise the level of productivity in order to gain the efficiencies of scale which enable our industry to take advantage of the lower dollar and sell in world markets. That is the way to find the long-term answer to the very difficult problems which confront us now and which will recur. In the short run, we must stimulate the economy. We cannot afford not to, because, while some government members may say that stimulating the economy costs money, I suggest that failure to