

*Supply—Labour*

from an annual rate of 151,000 units last July to 146,000 in August. The house construction industry is normally very active in the summer months, and when we note that in the middle of the summer there is a decline in housing starts we can be sure we are in for a serious disappointment in the fall of the year.

N.H.A. activity in respect of approved loans remained relatively low in August with loan applications in the amount of 877 units. This was 5.1 per cent below the year before in respect of seasonal adjustments. This represents an annual rate of about 10,500 units. With a situation like this in a young, growing country such as ours with so many new families we can expect a disastrous 1968.

The announcement made by the minister last night about the increase in the interest rate was no great surprise to prospective home owners and potential investors. The home owner has come to know this government as one that operates with patch-up legislation, interim measures, ill-conceived, unsuitable and not very well thought out policies for the Canadian people. It is obvious that this announcement was not surprising to potential home owners in view of the criticism which has been levelled at the government over the past few years by those who have aspired to the ownership of shelters. This criticism has been so intensive the government has been forced finally to throw out the challenge to those who supply the source of funds by allowing this fantastic increase in the interest rates.

It is not surprising that the government had to delve deep into the old practices to find justification for increasing the rate to 1 per cent above that which was suggested by the minister some six months ago. The shortage of homes in Canada is reaching such an alarming proportion we are witnessing in our large centres and rural areas great stress and mental suffering on the part of prospective home owners. This is the result of the turmoil into which these people have been thrown by the actions of the government.

Let me refer to a statement made by the minister on April 10, 1967, as recorded at page 14704 of *Hansard*. In answer to a question that day the Minister of Labour said:

There is no fixed date. It is in line with the return, the long-term yield on government bonds and, as already forecast, it has dropped to 7 per cent. It is the government's hope that there will be a further drop before long under the formula announced last December.

What a formula that was, Mr. Chairman. It resulted in an increase from 7 per cent to

8½ per cent in the interest rate charged to those who make loans to purchase shelters in which they may raise their families. The announcement yesterday was not unexpected by the suppliers of funds. They knew that the government's policy was short term and they were convinced that soon they would receive an increased return on their investment far out of proportion to the return they could receive from government bonds or securities.

Recently the Minister of Finance, recognizing the inflationary trend, urged restraint on the part of business, labour and provincial governments while at the same time increasing federal government spending. This is the old squeeze that only has the effect of increasing the cost of production to the consumer at a time of spiralling costs and excessive salary increases. This can have no other effect than additional costs causing strain and suffering for those who only a few years ago thought their reserves were sufficient to meet the costs of the projects which they had planned so well.

There has been government apathy in so far as this problem is concerned. As long ago as December of last year the president of the Central Mortgage and Housing Corporation stated that we needed 170,000 starts in 1967. He said there would be an acute shortage of housing and that we required a total production of 750,000 units in the next four years. What has the government done about this?

● (4:00 p.m.)

Has the government heeded the warning that was given to them? They have done nothing whatsoever. The only thing they have done is to have the minister go across the country holding seminars and telling the provincial and municipal governments that they too have a responsibility with regard to housing. But the fiscal measures of this government have not allowed the provincial governments sufficient funds with which to fulfil their obligations.

We heard the minister today trying to justify the position his government has taken. He seemed cornered and had to rely upon statistics to prove that there was an increase in house construction. If we cannot look forward from year to year to increases in housing demands, increases in population, etc., it is time we turned the government of this country over to a party that is able to foresee the future.

I agree with the minister when he says that housing is also a provincial and a municipal responsibility. I can only say, however, that