

Supply

The Minister of Finance has attended a number of international conferences; the International Monetary Fund and at the Versailles Summit, to name a couple. Since his return, he has had a series of close consultations with his cabinet colleagues and the Liberal caucus, and he has indicated that before the summer recess, he will be making a statement to the House on the state of the economy. Mr. Speaker, in concluding, I would like to repeat the need for all economic partners to make a concerted effort to get rid of this climate of uncertainty caused by inflation, to ensure that a more positive approach will create a proper climate for investment which in turn will create new jobs and reduce unemployment, and thus give everyone a better future to look forward to.

● (1720)

[English]

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, today we are considering this motion submitted by our leader, the Leader of the Opposition (Mr. Clark):

That this House approves the government taking immediate action to lower interest rates, stimulate production, investment and jobs, strengthen the dollar and lower the rate of inflation.

Twenty-eight months ago, encouraged by repeated promises of a better and brighter future, Canadian voters returned the Liberal Party to office. For those 28 months, indeed almost from the beginning of this period, the very government which promised Canadians heaven on earth has transformed the lives of thousands of them into a living hell.

Just this past weekend the Prime Minister (Mr. Trudeau), having created this hell, said his government is now assuming the role of exorcist, and by its tight money policy is now scaring the hell out of people. Well, he certainly is. He is scaring the hell out of people by what he is doing as Prime Minister and because he remains Prime Minister.

The litany of ills which has befallen this nation since this government resumed office makes the description of punishment contained in Dante's book "The Inferno" pale by comparison. In the first quarter of this year, the Canadian economy fell by about 1.7 per cent, the sharpest quarterly decline in 28 years. In the fourth quarter of last year, Canadian manufacturers were operating at only 75 per cent capacity on average, their lowest level of utilization since 1961. This has resulted in a net loss of about 157,000 jobs in the manufacturing sector since last August.

It has been predicted that farm income will decline by 15 per cent this year while expenses for farmers will rise by about 10 per cent. Farm bankruptcies in the first four months of 1982 were 13 per cent higher than in the corresponding period last year. Business bankruptcies in the first four months of 1982 were 37 per cent higher than during the same period last year and 61 per cent higher than in the first three months of 1980.

In May, a record 1.2 million Canadians, 10.2 per cent of the labour force, were unemployed. This figure is even higher when one includes those not registered as looking for work,

those who have simply given up hope and are probably living on welfare or eking an existence out of some savings. I presume this would represent an over-all total of 1.5 million people.

Some 195,000 jobs were lost to the Canadian economy in the first five months of this year. Each of these lost jobs has cost the federal government an average of \$2,737 in lost federal revenues and \$1,313 in lost provincial revenues, for a total of \$4,050 in losses to both levels of government.

Canadians who are having trouble keeping their jobs are also having trouble keeping their homes. In the fourth quarter of 1981, a family income of \$45,000 was needed to afford an averaged-priced home in Canada. That was the average. In many parts of the country, the figure was nearly double. In 1965, 50 per cent of Canadians could afford to buy a home. Today less than half of them can afford such a purchase.

Those once able to afford a home are now losing their homes when faced with mortgage renewals at interest rates now at the 19 per cent level, which in some cases have nearly doubled the monthly payments. Canadians able to cope with their housing needs are being forced to cut back on such essentials as food and clothing. The value of building permits issued in March of this year was down 12 per cent relative to the same month last year. When inflation is taken into account, building activity is down by 20 per cent to 25 per cent.

There is no doubt that the housing situation in Canada is critical. The government made a half-hearted attempt to address this problem in the November budget of the Minister of Finance (Mr. MacEachen). The effort was obviously an abysmal failure. In the budget, provisions were made to assist up to 12,000 payments with mortgages deferrals, but only 700 applicants have so far responded to the plan.

The budget also contained measures for the creation of up to 30,000 rental units across the country based on a 15-year interest-free loan of up to \$7,500. Although there have been some applications for this loan, none has been taken up and no new units constructed up to the present time. Obviously these two measures have failed to address the needs of Canadians.

Equally obvious, the government must initiate new programs which will contain more practical plans to assist first-time home buyers and those requiring rental accommodation. A very practical way to accomplish this would be for the government to implement a mortgage interest deductibility plan and a municipal tax allowance of up to \$1,000 for home owners. These measures were contained in the Progressive Conservative government budget and were two of the many sound policies shunted aside when the government, then in opposition, rose to oppose the budget and defeated the government, with the help of the NDP.

If confidence in the government's ability to solve the housing crisis is at an all-time low, so too is confidence in its ability to manage other aspects of the economy and the country. This month, for the first time in history, the Canadian dollar was trading on the world currency markets at less than 80 cents as