

because unemployment is rising, but that is not happening.

An hon. Member: Why?

Mr. Gillies: The hon. member can make his own speech. It is time we looked at our housing policies and stopped pretending they are working. The fact is that poor operation of our economy has created an economic structure in this country in which we have high unemployment and high inflation at the same time. Consequently, housing programs in this country cannot be initiated on the same basis that was used 20 years ago. It will not work. So using outdated, ineffectual programs makes no sense.

An hon. Member: They are not ineffectual.

Mr. Gillies: They are totally ineffectual.

An hon. Member: Is \$450 million totally ineffectual?

Mr. Gillies: It is all very well to talk about \$450 million. The fact is, the government's programs do not build houses. Housing starts are off by 100,000 units.

An hon. Member: What's a few houses?

Mr. Gillies: The hon. member asks, "What's a few houses?" It is all right for members representing rural areas to say that. But how can you say that when you live in a city, when you represent urban people? Young people have always thought in Canada that they will have the opportunity to own their own home. Apparently that is not now the case. The point is, you cannot kid yourselves. The Quebec government kidded itself for a long time about its labour difficulties. You can kid yourself about a lot of things: the day of reckoning comes, and the day of reckoning in housing is here. All you have to do is look at the evidence. We shall never solve our housing difficulties with the sort of approach the minister demonstrated this afternoon. His approach is based on a view of the economy which is no longer valid.

I disagree entirely with the hon. member for Winnipeg North who said we need more government programs. The truth is that the more government programs there are, the fewer houses are built. We have so much government involvement in this area that the industry is not working effectively. As things now stand, there is little hope that conditions will improve.

What the minister said this afternoon disappointed me greatly. I thought this was a lovely Friday afternoon until I heard his speech. I came here thinking we would be finding some solutions to this problem, that we would find a way out. You cannot embark on the type of programs the minister talked about, in the general economic climate of this country. It cannot be done.

If you want housing to be built in this country, and I know this is a complicated and difficult problem, you must find some way to encourage the flow of mortgage funds into the market at rates people can afford, so that they can service the debt. People have to have houses. Canadians must be given the opportunity to buy homes of their own. They cannot do it at current prices and current mortgage rates, and you cannot bring prices down until

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you control inflation. You must find some way to bring mortgage rates down.

An hon. Member: What's your solution?

Mr. Gillies: I came here this afternoon to hear the answers to housing problems. But what do we find? Not only do we not hear the answers, but we note that the minister does not even recognize the problems; does not see that the premises underlying the economy have changed. Still he has the gall to ask the opposition, "What should we do"? For heaven's sake, I thought the government was elected to show leadership in this country. We are witnessing the biggest decline in housing starts in 20 years.

A few years ago the Economic Council of Canada said in its annual report that Canada needs 250,000 housing units per year in order to keep up with the family formation. This year we are going to build 165,000 units. This will be the worst year in recent history. The minister has a total obligation to the people of this country to reverse this situation. I suggest that he and his departmental officials should reconsider their approach to the field of housing.

We may need to institute a program under which a certain proportion of savings deposited in savings institutions is put into the mortgage market. I have never understood why the government did not establish long ago a central mortgage bank. We may need to establish building societies or savings and loan associations which will invest their moneys in mortgages. We may need to subsidize interest rates. One may not like such programs, but we may need them. We may need to reconsider our tax structure and provide some sort of exemption on moneys lent for mortgages in order to encourage more mortgage money into the mortgage market.

As the minister knows, people cannot compete for mortgage funds, not because they are not willing to pay the rates but because they cannot qualify for the loans. We must bring mortgage interest rates down. We cannot ask individual Canadians to compete for mortgages in times of inflation, when the policy of the government has been to keep interest rates high. You cannot expect people to compete in the housing market in those circumstances. They cannot. They cannot compete with General Motors for investment funds. The government must realize this and provide people with some sort of protection in the market, if it believes that houses should be built in this country. That is the only way it can be done.

The government must bring down the cost of home ownership. Why not provide tax relief on mortgage interest rates over 8 per cent?

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Why have taxes? Why not be allowed to deduct your real property taxes in the calculation of your federal income tax in order to make home ownership easier? Why not be able to get these sorts of things going that will really go after the fundamental problem, namely, the cost of mortgage money?

The only way housing prices are going to fall is by increasing the supply. Somehow we have to get the supply