

The government has taken some steps, and in any honest appraisal of what this government has done compared with other governments elsewhere, certainly in terms of comparison with the kind of massive controls proposed by the Conservative party, these have to be acknowledged and some credit has to be given.

I remind the Minister of Finance, however, that when he denigrates the Conservatives and then talks about imposing selective controls, in which we believe, it is his government that has refused to put teeth into the Prices Review Board, one creation he cited as one of the government's courses of action. His government refuses to put teeth into that board, giving it the authority to roll back prices where profiteering or price gouging can be shown to exist. Where this government has failed to act it must be held responsible. Of course, the Conservative party, when it had the opportunity to put its vote where its mouth has been recently, refused last week in the Food Prices Committee to support an NDP motion which would have had the effect of putting teeth in the Prices Review Board.

Some hon. Members: Hear, hear!

Mr. Broadbent: In the time I am allowed today I want to say something in concrete terms, for a change in this debate, and put forward some specific proposals to deal with a major aspect of the cost of living, namely housing.

In spite of all the talk, understandable and acceptable talk we have heard about food costs, which have been increasing, particularly in the past month, I would remind the Minister of Finance and other members of this House that according to the monthly breakdown of the consumer price index by Statistics Canada, which shows how the average family spends its money, housing is a much more important item. The report indicates that 31 per cent of those points allocated to the cost of living by Statistics Canada are related to housing. Only 25 per cent of the average family's typical budget goes toward food. That was the reason for my motion today under Standing Order 26 on behalf of the NDP. I suggest we should zero in on the important question of housing costs, and that we should deal with interest rates, particularly mortgage interest rates, because these affect every Canadian whether he lives in rural or urban Canada.

It is in this precise area, no matter what else the government has done in other areas, that the present government has demonstrated a clear bankruptcy of policy. In passing, I would suggest that the Conservative party has not offered one shred of evidence that its alternative policy would result in any improvement over the government's policy.

Mr. Nowlan: Why don't you go to the conference this weekend and give them some ideas?

Mr. Broadbent: Listen, my friend; I will try to do precisely that in the next few minutes. The present government in terms of its housing policy, and I should say that the Conservative party when it was in office from 1958 to 1962 followed exactly the same policy, has really determined a national housing policy in Canada by acting wrongly on the basis of two combined principles. First, the government has used housing, and we see this in the interest rate situation that exists today, as an instrument

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for stabilizing the Canadian economy. Second, the government has relied on incentives as the key to the financing of housing in Canada. The combination of these two approaches is exactly what has put housing in this country out of the reach of the vast majority of our families.

The grotesque, and I use that word with care, injustice of using housing policy as one instrument in monetary and fiscal policy should be clear to all Canadians. When we think of housing in comparison with schools, would any government in Canada think of tightening or loosening the screws on the building of schools as a response to an inflationary or deflationary situation in the economy? I hope no government would do so, and I expect none would as the population of Canada would not accept that kind of policy. People in Canada have come to expect that schooling is a basic right of everyone, and they would throw out of office any government which decided to build or not to build schools on the basis of an inflated or deflated economy.

I suggest that this government and its Conservative predecessor still maintain that approach to housing. If this is the time to deflate the economy, as obviously it is according to the understanding of the Minister of Finance, instead of separating mortgage interest rates, for example, from the rest of the interest rate structure, and I will come to that in a moment and show how it could be done, he leaves mortgage interest rates as part of the general interest situation.

The Minister of Finance rather proudly suggested a few minutes ago that the banks in Canada, those noble institutions, were going to guarantee that mortgage money would continue to be available. What he neglected to mention, of course, is that they will guarantee the availability of that money at 10 per cent, which is just short of the highest mortgage interest level in Canadian history. If the interest rate increases announced yesterday by the banks are allowed to take their course, I predict on the basis of a small "c" conservative estimate that within a month the NHA mortgage rate will hit 11 per cent in Canada which will be the highest level in respect of NHA rates in the history of the country.

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This government should not take any pride at all in such a course. The Minister of Finance alluded with some pride to the fact that a few years ago the banks were encouraged to enter into the mortgage market. He was quite right. They were encouraged by this government. That is only one part of the whole series of profit-based methods which this Minister of Finance and his predecessor used to deal with housing. I should like to show how that led to the very high cost of housing we have in Canada today. It is typical of this government and its Conservative predecessor that instead of dealing with housing in the way in which we deal with schools, on the basis of need, they try to generate housing on the basis of profit incentives. This has not worked.

First, in 1967 the Liberals freed the bank rate for mortgages which had been fixed at 6 per cent. They thought this would bring down the price and increase the supply. In 1969, on the recommendation of the then Liberal cabinet minister responsible for housing, the hon. member for