

Interest Rate Policy

Some may ask, Mr. Speaker, why this could be the case if people cannot afford to buy, as the hon. member for Oshawa has suggested. It is simply not true as he has alleged, that 90 per cent of Canadians cannot afford to buy a house. He should consider who is buying homes at record rates.

There are undoubtedly problems for those young first-time buyers entering the market with a small down payment and trying to buy a home with no existing mortgage on it. The facts are that the majority of Canadian homebuyers in today's market are buying with substantial equity from the home they currently occupy. We know that this equity has increased remarkably in the last few months. Many purchasers of houses are able to assume existing mortgages with interest rates stuck since the time when they were lower. Many others, by shopping around, are able to secure builder "buy down" mortgages. Some, and this is not new, will need to save longer or secure equity from relatives or employers. It would be interesting to know how many members of this House were assisted in their first home purchase and were able, on their own, to manage the down payment. We know that in many cases home purchase has been a family or company affair.

If interest rates were lower than they are, there is no guarantee at all that the faith of the leader of the NDP that increased access would result, would be realized. Interest rates are one of the few factors restraining a heated market. We do not know what would happen if interest rates were lower than they are. I would agree with the hon. member for Vancouver East (Mrs. Mitchell) that the brunt of the housing situation in the critical market area is undoubtedly being borne by renters. Statistics show that 34 per cent of British Columbia tenants are spending more than 30 per cent of their income on shelter. The situation is difficult. Since the easing of rent controls, rental increases have been running at about 20 per cent, outpacing the growth in real incomes.

I am pleased to say that British Columbia is expected to have 45,000 housing starts this year, 8,000 over the previous record year. Over 2,500 private rental housing units will be of great help to the easing of the rental market situation there when they come on stream. These units are part of the government's initiative under the MURB program and part of the corporation's activities in B.C. in realigning its underwriting provision to encourage rental housing starts in that very difficult market.

● (2110)

We are doing a great deal to help Canada's rental households. We provided last year alone, for example, subsidies totalling \$297 million for about 400,000 homes directed toward lower and modest income Canadians, natives and people living in non-profit homes and co-operatives. That is a continuing and significant contribution by this government toward the shelter needs of Canadians.

I would add that far from being inactive, I intend to meet early next month with my provincial counterparts for what I am sure will be a very productive session on the issues that we face inherent in the motion before us this evening. The first

priority concern I take with me to that meeting—and I might add that I am quite surprised that I have not heard mention of it in the debate today—is to bring attention to those Canadians who are the worst housed. I am speaking about the Indian, the native and the rural population of Canada.

During the year that I have held this portfolio, the corporation, in conjunction with organized people from these groups, has reviewed the policy and presented recommendations to the ministers involved, and we in turn have presented, and are in the process of presenting, those changes to our cabinet. I hope that with the co-operation and input of provincial ministers at the conference I have mentioned we can address that concern which should be a concern, not only to people in this House, but to all Canadians who, even though they are faced with problems in their daily lives, should share the concern for the neediest in our communities.

I am sure we will have co-operation and I look forward to meeting my counterparts in the provinces and from the territories as we address, not only the needs of the worst housed people in our communities, but the short-term as well as the long-term challenges that we have in housing today. We do have to plan and address the longer term problems in order to take advantage of what we have learned over the past decade. Housing is always a challenge, not only to the federal government but also to provincial and municipal governments.

In comparison, the previous government did little in the housing field. It authorized a study under the aegis of CMHC. The recommendations of that study were in effect to cancel and to withdraw from areas under the CMHC social program. In just a year we have taken action to get the housing market moving again. We have brought back the rental stimulus under the MURB program which was left to die by the previous government. We have provided additional social housing in addition to the 25,000 annually committed by this government over the years. That is opposite to the claim that this government is doing nothing in the area of social commitment to housing—

Mr. Deans: What you are doing is harmful.

Mr. Cosgrove:—and nothing for those people who need the assistance of this government for affordable housing. We have fostered a free housing market. That market is at last beginning to see a little bit of light in contrast to the darkness that it experienced under the previous administration.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I have enjoyed listening to those members opposite who have spoken this afternoon and this evening. As a result, a number of things have become very clear to me. While we in the New Democratic Party were preparing for this opposition day, I am proud to say that our caucus was unanimous that the high interest rates in the seemingly mindless policy of the Liberal government needed to be criticized and brought to the attention not only of government members but to the people of Canada. We were unanimous about the seriousness of the high interest rate situation. We were serious about the devastating