

National Housing Act

Then the writer asks:

How long would the activists, or indeed the tenants themselves, sit still for controls on their own wages and salaries?

He must have known about the policies of this party in 1974, because he then writes:

They gave the answer to that in the 1974 federal election.

It seems there have been a few changes in ideas. In British Columbia we have rent control. Last year the ceiling was realistically set, I suppose, at 10.6 per cent. At least, all the evidence given to the B.C. government indicated that it was not realistic for rents to rise above 10.6 per cent. In British Columbia, until next week in any event, they have a people's government.

Mr. Nystrom: And after next week.

Mr. Clarke (Vancouver Quadra): My hon. friend to the left thinks that there will not be change of government in B.C. One member on the benches across distinctly said today that the next premier would be a fellow named Gibson, but I suppose we will have to wait and see. Naturally there are more tenants than landlords in this country, and tenants are voters, and it is by this that some politicians measure their success. Fortunately, in this party we do not have that problem; we measure our success in principles.

The government of British Columbia has now decided that 10.6 per cent is not a realistic level of rent control and that the new rate for 1976 will be 8 per cent. So there is a change in the rules for 1976. The provincial landlord and tenant act in that province applied only to residential buildings renting at \$500 a month or less. It did not take the government of British Columbia more than two years to figure out that if rents of residential buildings were controlled, then capital investors would not seek to build housing but would seek to invest in commercial real estate. Therefore this month the government of British Columbia decided that rent control would also apply to business premises, which will at least mean that businessmen will have as hard a time finding a place to rent as the home tenant.

I think we could find a few faults at the federal government level too, Madam Speaker. Federal action has discouraged, if not prevented, the provision of housing by the private sector. I mentioned earlier removal of the tax incentives for rental housing. There was a time in this country when certain people were encouraged for certain reasons to invest in rental housing, and they did a pretty good job of it. Now the federal government has decided that they were given an unfair advantage, as it saw it, and it has now removed it. As usual, it did not follow through on the result of its action and did not realize it would cut down on the investment in, and creation of, rental units for Canadians.

I lay the blame for general inflation in this country directly on the present government. I think to some degree the government accepts that blame, as evidenced by the introduction this fall of Bill C-73, recently passed by this House.

Much has been said about interest rates. Several hon. members have spoken about the high interest rates that Canadians are forced to pay. I simply ask, what has the

[Mr. Clarke (Vancouver Quadra).]

government done except to force anyone with money to invest to seek a high interest rate? Statistics Canada tells us that the rate of inflation is ten point something. Or maybe it is 11 or 12; I sometimes lose track of exactly what it is, but in any event it is substantially in excess of 10 per cent. It should be obvious that with the incidence of income tax and the need to keep ahead of the rate of inflation, interest rates cannot possibly be below 12, 13, or 14 per cent.

There were times in this country when there was what some people would call a realistic interest rate, and this was when there was virtually no inflation. I have reminded the House of this before but I think it is worth repeating. In 1936 the Government of Canada issued perpetual bonds bearing a coupon rate of 3 per cent. It was able to sell an adequate supply of these bonds. In those days inflation was zero, and 3 per cent was what a government bond was thought to be worth in the minds of investors. Nowadays, in order to keep ahead of inflation and to pay all the taxes, investors must demand what seems a huge rate of interest.

Another recent move on the part of the government which everyone voted for and thought was a good deal was the Registered Home Ownership Savings Plan, announced in the last budget. This plan is supposed to encourage Canadians to save up to buy a house. I am sure it will, but it will not do anything for the housing market. Although the idea is to encourage people to buy houses, people are given an incentive not to buy a house because they can save money tax free for ten years. You then withdraw the money and buy the house. Once more displaying insufficient foresight, the government has seemed to overlook the fact that you did not need to use the money for buying a house. The only requirement to qualify for this gift of income tax exemption up to \$1,000 a year is that you do not own a house.

● (2100)

If you happened to have a house in the family in the name of one partner or the other, then the spouse was perfectly entitled under this law to save the money under the Registered Home Ownership Savings Plan for ten years, tax free, and then go out and buy \$10,000 worth of furniture, if that was the inclination of the couple, and put that furniture in the house of the spouse. This is hardly any way to create any kind of incentive for house purchasing, but I am sure the furniture industry thought the government was being very kind.

Of course, if they did not like the thought of having to pay tax in the normal way after the ten years were up they could transfer the house back into the other spouse's name and go through the exercise all over again.

In this capital region there is an area that I saw when I first came here of vacant land, close to the Hill. It is still vacant land. I believe it is called LeBreton Flats. I understand that in the good old days, not so very long ago, LeBreton Flats contained a lot of what I think is called filtered down housing. There is a better expression but I have just forgotten it for the moment. This was older housing suitable for lower income people. The government decided this was not suitable housing in its view for the people who wanted to live there—and we must keep in mind that the people were living there by their own choice. The government tore them all down thinking that would