

the programs which were in place last year, such as under Section 56(1) of the act, which is the social policy housing program. We, for example, increased the number of starts in that social area—

**Miss MacDonald:** Tell that to people who have lost their houses.

**Mr. Cosgrove:**—which provides a subsidy to housing, bringing down the interest rate from the current levels to 2 per cent, thereby aiding and assisting—

**Mr. Baker (Nepean-Carleton):** Tell that to your mortgagees.

**Mr. Cosgrove:**—people such as senior citizens, the handicapped, and those in the special needs area. I am happy to say that those additional 5,000 units released last year have been constructed and are now coming on the market. I submit that they are coming at a time when it is more difficult, I admit, for people in those income levels and those special categories to access housing.

**An hon. Member:** That's enough!

**Mr. Cosgrove:** I think that move of the government was well timed and is serving those people in need.

**Some hon. Members:** Hear, hear!

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## HOUSING

### CANADIAN INVESTMENT IN UNITED STATES

**Mr. Bill Clarke (Vancouver Quadra):** Madam Speaker, obviously the question period would not be long enough for the minister to try to explain all of the mish-mash of government's proposals which amount to intervention in housing. I want to ask the minister this supplementary question: can the minister assure Canadians that his government will stop interfering in the housing industry so that all of the Canadian expertise, which is investing billions of dollars in the United States to provide housing for Americans, can come back to Canada and start working for Canadians in Canada?

**Some hon. Members:** Hear, hear!

**Hon. Paul J. Cosgrove (Minister of Public Works):** From the question I would take it that the intervention referred to by the hon. member possibly addresses the question of supply. I talked about the question of affordability, and I have no apology whatsoever for the response of this government to people in need. If that is intervention in the economy, then I support it, and this government supports it.

**Some hon. Members:** Hear, hear!

**Mr. Cosgrove:** Referring to the supply, of course the hon. member knows that the government responded in the budget, I

## Oral Questions

suppose by intervention, and by reintroducing capital cost allowance to increase the supply side modestly. Again, I have no apology for that. I have received submissions from many people, and many of the hon. members opposite, asking for that very thing.

### REQUEST FOR ACTION TO REDUCE RESIDENTIAL MORTGAGE RATES

**Mr. Edward Broadbent (Oshawa):** Madam Speaker, I have a question for the Prime Minister. The minister responsible for housing is taking great pride in an obviously disastrous situation for the typical Canadian. Today, even before the interest rate jumped to a record level of 19 per cent—

**Mr. Nielsen:** 19.06.

**Mr. Broadbent:**—a Canadian family would require an average income of \$47,000 to buy a typical home in Canada. This means, for the first time since the great depression, that 90 per cent of Canadian families are excluded from the normal Canadian expectation of being able to buy their own homes.

My direct question to the Prime Minister is: why does the government not take direct action to bring mortgages down so that the average family could, in fact, buy a home?

● (1425)

**Right Hon. P. E. Trudeau (Prime Minister):** Madam Speaker, the Minister of Finance has dealt with these suggestions many times. I dealt with them last week when the hon. member suggested direct action to bring mortgage rates down. He knows direct action would mean immense subsidies to everybody concerned, and that would mean increased expenditures, and increased expenditures means increased deficits, and increased deficits means fuelling inflation. Or the alternative, Madam Speaker, is to go into exchange controls, and I have not heard even the NDP in its wildest moments advocate those.

### SUGGESTION GOVERNMENT FORCE BANKS TO LOWER MORTGAGE RATES

**Mr. Edward Broadbent (Oshawa):** Madam Speaker, the Prime Minister listed two alternatives, and I will deal with those points later in today's proceedings. But there is a third option the Prime Minister did not comment on, and I refer to the banks and bank legislation. Considering that bank profits in the first quarter of this year were up 60 per cent over the record level of last year, and considering that the banks represent one institution which is gaining like no other institution from high interest rates, why does the Prime Minister's government not take direct action to force the banks to put out mortgages at lower levels and, therefore, yes, reduce their profits somewhat to achieve a social purpose?

**Right Hon. P. E. Trudeau (Prime Minister):** Madam Speaker, the New Democratic Party leader may be dealing with this matter later in the day and we will be interested in