

*Oral Questions*

at 11.63 per cent, whereas it was 11.72 per cent last week. That will bring benefits in terms of mortgage and other interest rates in the Canadian economy.

The Hon. Member also fails to recall that it is the Government's intention, as outlined in the February Budget, to introduce a mortgage rate protection plan. We intend to introduce the legislation shortly to implement that plan and, as I have indicated to the House on several occasions, it will be effective as of last March 1. The rates that will be insured will be those at which a mortgage was either taken out or renewed from March 1 forward.

Finally, Mr. Speaker, the Member opposite will probably be aware that it is the Government's intention to introduce a mortgage backed security plan which can, in our view, do a significant amount to reintroduce longer term mortgages into the Canadian mortgage market. We anticipate the mortgage backed security plan will enhance the possibilities of ten-year mortgages in Canada in the future.

● (1120)

**Mr. Crosby:** Mr. Speaker, it is evident the Minister is going to put out a forest fire with a bucket of water.

## EFFECT ON EMPLOYMENT IN CONSTRUCTION INDUSTRY

**Mr. Howard Crosby (Halifax West):** I am interested in the fact that the Minister does not seem to think a mortgage interest rate of 14.5 per cent is a serious problem. I would like to remind him of November 6, 1979, when the current Minister of Transport said that with a mortgage interest rate of 13.5 per cent 800,000 Canadian families could not afford a home. On November 6, 1979, the current President of the Treasury Board said that a mortgage interest rate of 13.5 per cent was taking us into uncharted economic waters and would lead to disaster.

There are 1.5 million people unemployed in Canada, Mr. Speaker. There are another one million people who are employed part-time in jobs below their levels of qualification. Yet the Government of Canada is spending public funds on construction projects in its Special Recovery Capital Program to the extent of \$2 billion. With a mortgage interest rate of 14.5 per cent, jobs will be lost in the construction industry because people will not build houses with that kind of a rate.

**Mr. Speaker:** Will the Hon. Member please ask a question?

**Mr. Crosby:** How does he justify the policy of spending money on government construction, and stopping jobs in the housing industry?

**Hon. Roy MacLaren (Minister of State (Finance)):** Mr. Speaker, I think the Hon. Member opposite should be aware that in fact housing starts averaged 162,000 units in 1983, which was almost a 30 per cent increase from the average in the previous year. In the first four months of this year housing starts averaged 140,000 units, which was a 6.3 per cent increase over the fourth quarter of 1983. I think the Hon.

Member opposite would want to recognize that in fact domestic construction has been going forward at levels substantially above those of recent years.

With regard to the level of interest rates in Canada, and particularly mortgage interest rates, obviously none of us are happy with that situation. However, as discussions in the House over the past several weeks have indicated, interest rates in Canada are, to a substantial degree, a result of interest rate levels in the United States. The American interest rates have increased over the past two months as a result of very large increases in government borrowing to finance a structural deficit of unparalleled proportions in the United States, and due to demands from the private sector during a period of economic growth. Those two pressures have combined to drive up interest rates in the United States. Due to our large volume of trade and an open money market with the United States, those upward pressures on interest rates inevitably spill over into Canada.

**Mr. Crosby:** Mr. Speaker, I would like to thank the Minister for the economic lecture, but I want to talk about people.

## MORTGAGE RATE PROTECTION PLAN

**Mr. Howard Crosby (Halifax West):** Home owners faced with a 3 per cent or 4 per cent increase in their mortgages will be faced with an additional monthly payment of \$100 or more. Where are they going to get the money? The Government says it has a mortgage protection plan. It advertised it in the newspapers on April 10. One and one-half months later we still have not seen the Bill. For the benefit of all those Canadians facing higher mortgage payments, can the Minister tell us when we are going to see this protection plan? You have the ads. Where is the Bill?

**An Hon. Member:** Where's the beef?

**Mr. Hnatyshyn:** Where's the baloney?

**An Hon. Member:** Here it comes.

**Hon. Roy MacLaren (Minister of State (Finance)):** Mr. Speaker, I am sure that the Hon. Member opposite and his Party would no doubt endorse the general government policy of consulting with the private sector to the maximum degree possible on programs and policies which are going to have a significant impact on the private sector.

After we made the announcement in the Budget of the mortgage rate protection plan, we did two things. We undertook extensive consultations with consumers, companies financing mortgages, the construction industry, and a range of other entities interested in the mortgage market. At the same time we undertook to make the program, when it is introduced, retroactive to March 1, immediately following the Budget. Any Canadian who chooses to participate in the program will be able to do so from March 1 at the rate of mortgage interest which applied at the time when he or she either took out a new mortgage or renewed an older mortgage.