

*Housing*

basis of 42 per cent institutional financing, 40 per cent by direct cash financing and private financing, and 18 per cent by government financing. The record clearly proves that the financial institutions in recent years have not ensured a steady flow of financing and have directed their money into shopping centres, luxury apartments, office buildings and commercial projects which yield a high return on their investment. They have not indicated any real social responsibility for the housing needs of the middle and lower income groups in Canada. In fact last August, Mr. Speaker, in the face of another poor housing record, the Minister of Transport called to Ottawa representatives of the insurance and banking institutions of Canada and asked for financial help. There was no response. In September the minister had to allocate \$170 million of public moneys for direct loans for single family units and condominiums.

In the light of this experience the minister indicates an unearned trust and confidence in the financial institutions by stating, "I have contacted the financial institutions and from initial response, it appears an adequate supply of financing will be available to support an expansion in home-building activity". Greater love has no man for private enterprise than he who places his trust and confidence in institutions with past records such as they have.

● (5:50 p.m.)

In the house the Prime Minister said it was not the intention of the government to set up a separate ministry of housing and urban development. In the standing committee in reply to a question by myself the Minister of Transport stated he did not consider it one of the most important recommendations in the task force report. In the house the Minister of Finance stated that he would not lift the 11 per cent sales tax on building materials. In the standing committee he stated that no action would be taken by the government until the government revenues had increased sufficiently over expenditures. On the matter of interest rates, which I categorically say amount to usury and are a major component in the high cost of homes, the minister said he thought it wise to free the N.H.A. fixed interest rate which at present stands at  $9\frac{3}{8}$  per cent. He said that the proper rate was between  $1\frac{3}{4}$  and  $2\frac{1}{2}$  points above the average long-term rate affecting government of Canada bonds. Clearly, on that reasoning he is

[Mr. Gilbert.]

content to leave mortgage rates at between  $8\frac{1}{2}$  and 9 per cent.

I need not remind hon. members that on a mortgage of \$18,000 at  $8\frac{3}{4}$  per cent amortized over 25 years the mortgagor will pay almost \$50,000. I am shocked at the statement by Central Mortgage and Housing Corporation to the effect that beginning on April 23 there will be a new mortgage arrangement under which N.H.A. lenders will be able to write mortgages having an initial minimum term of five years, although payments are to be based on an amortization period of at least 25 years. It is thought that this will give greater flexibility to borrowers and lenders. Can you not see the picture, Mr. Speaker? At the end of five years the mortgagor will have to renew his mortgage. He will be in a very weak position in bargaining with financial institutions over new mortgage rates. Borrowers will find that banks, insurance companies and the other lending institutions of this country get together and agree on the rates they will charge on mortgage loans. Not being able to bargain, the borrower will be forced to accept high interest rates imposed by our financial institutions.

Since the minister refused to set out in clear terms the government's program—I am referring to the Minister of Transport, of course—and since he had certain well known ideas concerning institutional financing, sales tax, interest rates and mortgage terms, the only area left for him to deal with was the area of land. I think he will be the first to admit that the cost of land is a major component in the high cost of homes. The idea of making money available to municipalities and provinces so that they may buy large tracts of land to be serviced and, hopefully, bring down the price of homes is laudable. Yet I heard the minister say in the standing committee that he was not interested in implementing a capital gains tax. He suggested that the problem of land costs would be taken care of by the new land banks which were to be established. Hearing him speak made me realize that he knew little about land costs and little about what was going on. Certainly he had no solutions.

Since the minister has no philosophy in the field of housing the logical question to ask is, what would we in the New Democratic party do to solve current problems? Briefly, our philosophy is that every Canadian, as a basic human right, is entitled to adequate housing at a reasonable cost. That is why we demand that the federal government show leadership