

Discussion on Housing

quite sincerely that I hope every member of this house has as high a regard for the importance of fiscal and monetary stability and responsibility as ministers of finance customarily have, and I do hope that there will be that same spirit exhibited when we come down to the particulars. Now, Mr. Speaker, I would like—

Mr. Bell (Saint John-Albert): Like you did in 1962?

Mr. Sharp: Well now, Mr. Speaker, I have taken the advice of one of the former speakers that I should not go back in history behind this parliament, and I shall refrain from doing that because I know what I might say on this occasion. I am dealing only with this parliament and the attitude of members sitting here today.

Mr. MacInnis (Cape Breton South): You don't know your history.

Mr. Sharp: I would like to come back to the problem that is facing us and to say something about its nature. The first problem we have to deal with, if we are going to face up to the housing problem adequately and not in a partisan fashion, looking at the realities of the situation, is the shortage of capital or I might say, if you want to put it another way, the shortage of savings. Housing takes not only labour and materials, and at this point may I say we can help to improve the supply of both. Even the federal government has a role to play in this, and many of the efforts that have been made by the Minister of Manpower and Immigration (Mr. Marchand) in recent years and months will, I believe, help to improve that situation.

We can also, I believe, improve our building methods. But housing also takes capital in the form of savings. Most buyers of housing are unable to pay cash. Most of them require to borrow some money to build houses, and therefore someone else must have savings in order to enable them to buy houses at the time they want them.

It is the savings to finance the purchase and rental of housing which are scarce today and, I have every reason to think, are likely to be scarce over the next few years. Housing must compete for capital with industry, and it must compete for capital with governments. We must have capital to provide jobs in industry, and governments must have capital to provide the infrastructure, the roads, the schools and all the other things governments must provide if there are going to be cities fit to live in.

• (8:50 p.m.)

There is no easy answer to this. Canada probably will face a shortage of capital over the next few years, and we certainly shall have to import it in large amounts. This has been recognized by the Economic Council whose report has been quoted on so many occasions.

An hon. Member: Not by Walter Gordon.

Mr. Sharp: This is a statement I have made on many occasions and which my colleague the President of the Privy Council has made on many occasions. We shall have to import capital to meet our requirements. We have many demands on it. We must try to establish priorities intelligently and realistically. I know of no easy choices for low priorities in this competition. The test of people who believe in priorities is not what they put at the top but what they drop off at the bottom. These are the real problems we must face in ensuring that there is an adequate supply of capital for housing.

If housing is to compete effectively for the capital which will be required in the next few years, it must be able to offer attractive terms to investors. I regret to say that under present circumstances this means higher interest rates than we have been used to in the past.

Canadian rates must be high enough in relation to those of the United States that they will attract into Canada the capital required to supply our deficiency. This is just a fact of life. There is nothing we can do about it unless we can increase our own savings, and I do not think they can be increased quickly enough to enable us to dispense with foreign capital. Therefore, our interest rates must bear a proper relationship to those in the United States. Canada's interest rates must be such that they will enable us to balance the demands of our capital markets with the supply of funds from savings, both domestic and foreign.

I am concerned about these high interest rates. I regret very much that interest rates have had to rise. They have been rising throughout the western world. They have been rising in industrialized countries and in the underdeveloped countries of the world. As I said in my statement on motions today, last week I was in Rio. There, I had the opportunity to meet all the ministers of finance of the world. We met many times in large groups and in small groups. One of the main problems we discussed was the problem