the viability of home ownership and thus encourage more Canadians to enter, and to be able to afford to enter, the home ownership market. There is no time limit on the proposal, although it might be termed temporary in that we assume that, with effective government leadership, mortgage interest rates would subside from their present level to the 8 per cent range where they were before the current bout of inflation took hold under this government.

● (1640)

Second, to meet the need to increase housing starts we would propose to institute subsidized mortgages down to an interest rate of 8 per cent to finance new home and apartment construction during the next two years to ensure an annual level of at least 250,000 starts. This is essentially a supply program designed to stimulate the lagging residential construction industry through a major injection of low-cost mortgage funds. The funds themselves would be provided by the major institutional lenders. The government would subsidize the cost differential between their lending rates and 8 per cent.

This proposal represents a much needed extension and revision of the existing private AHOP program. Our proposal would embrace both single family and multiple dwelling starts. More important, it would erase the bureaucratic red tape caused by the present AHOP regulations governing maximum allowable incomes and housing prices and substitute a single control factor: subsidies would be provided only on the first $30,000 of mortgage financing, thus ensuring that there is no excessive benefit either to upper income earners or purchasers of more expensive homes.

**Mr. Caccia:** It is a subsidy to the money lenders.

**Miss MacDonald:** What do you think you have at the present time with the AHOP program? You had better look at your own legislation.

Third, to meet the need to increase the flow of mortgage funds we would propose a special investment tax credit on interest for funds invested in certificates issued by institutions guaranteeing that all money so raised would be used for residential mortgage financing. One of the major causes of the current housing crisis is the lack of available mortgage funds. This proposal is designed to deal with that problem by offering a special tax incentive to Canadians to invest their funds in mortgage lending portfolios. Debt instruments like the five-year guaranteed investment certificates issued by trust companies could readily be adjusted to encompass this tax incentive. But any bona fide lender could offer it as an investment incentive provided he was able to guarantee that funds so raised would be used solely for residential mortgage financing.

**The Acting Speaker (Mrs. Morin):** Order, please. I regret to interrupt the hon. member, but the time allotted to her has expired.

**Some hon. Members:** Carry on.

**The Acting Speaker (Mrs. Morin):** Is it agreed that the hon. member may complete her remarks?

**Some hon. Members:** Agreed.

**Miss MacDonald:** I thank hon. members. It is suggested this would be a two-year program designed to attract an additional $1 billion to the mortgage market this year and $2 billion more during the full year of 1976.

Fourth, to meet the need for the increased supply of serviced land, we propose the creation of a special municipal services development fund to provide $500 million in low interest loans over the next three years to municipalities for land servicing and development. This proposal is designed to help correct the chronic problem of insufficient serviced land coming on to the residential housing market. The fund would be administered in close co-operation with the provinces. Long-term loans would be available from it to the municipalities for the provision of basic sewer, water and other subdivision services, on the understanding that service standards would be held to acceptable minimums and that lands so serviced would be used for mixed housing development geared to the needs of various income groups.

In summary, the budget of June 23 failed completely to meet the housing needs of Canadians. All it did was add $125 million this year to a collection of policies that already have proven ineffective. There is not a single proposal in the budget to deal with the major shortages of either residential mortgage money or serviced land. The proposals I have put forward are designed to meet the current housing crisis head-on. The cost of these programs for 1975 would amount to $275 million, and this could be achieved by simply reordering the priorities in government spending.

What is needed is a commitment by this government to exercise leadership to alleviate the crisis in the crucial housing sector of our economy—crucial because of its economic and social consequences. This budget, in its niggardly approach to the housing needs of Canadians, has once again proven that such commitment by the government is sadly lacking.

● (1650)

[*Translation*]

**Mr. Bernard Loiselle (Chambly):** Mr. Speaker, may I be allowed to comment briefly on the reaction of one hon. member from Quebec in this House to the budget brought down by the Minister of Finance (Mr. Turner). First of all, a few very general remarks: the budget proposed by the present government for the coming year will probably not be very popular with all Canadians nor all groups in Canada. And here's why.

First of all, the budget is fair; it applies the same principles to one and all; this, in fact, never pleases the good conscience of the most favoured, of whom more is asked to achieve greater justice in as vast and diversified a country as Canada.

Second, the budget is realistic; in a period of stagflation, following international inflationary pressures without precedent, it must reflect the economic uncertainty which weighs upon all citizens in today's world. In that sense, it could be neither clearly expansionary, nor too depressing for the present economic situation in Canada. In spite of everything, this budget demonstrates that Canada and its government are taking the world economic upheaval seriously and trying to make the necessary adjustments.