

Supply—Labour

broken families and crime does not seem to bother this government in any way at all.

I want to point out that this is the complete reverse of the policy of the Progressive Conservative party in this matter. We believe that the people of this country deserve to have houses that are modern, sanitary and comfortable because we know that these make possible better family life and ultimately better citizens. That is the philosophy of the Conservative party concerning housing in this country. But it seems that the Liberal government is in favour of seeing people continue to live in run-down, unsanitary, slum houses, with all the detriments that these bring about.

Having examined this dismal failure of the government, let us ask ourselves what has been the cause of it. The answer, of course, is the government's tight money policy, in which it has persisted for the past two years despite the constant urging of the Conservative party to abandon this policy which is doing nothing but harm in our country today. The tight money policy has forced interest rates to such a high level that those who would normally invest in housing mortgages are no longer interested to do so because they can find more lucrative ways of investing their funds. So I say that the government's tight money policy is wholly responsible for the fact that the interest rate on N.H.A. mortgages was raised last night by 1 per cent to 8.25 per cent, the highest rate at which the interest rate on these mortgages has ever been in our history. This, I believe, is a very sad state of affairs when one considers the needs of the people of this country for housing at a rate of interest they can afford to pay.

• (5:30 p.m.)

I believe that the financial institutions of this country or any other country have a real responsibility for providing the funds that are necessary to build the houses that the people of a country need. President Johnson of the United States did something which I think our Prime Minister must do in the very near future when he approached the large life insurance companies of the United States directly and explained to them that they had a real, national responsibility in providing the necessary funds for the kind of housing which is necessary to be undertaken, that involving the highest risk and therefore the least attractive—slum clearance housing. The United States life insurance companies responded magnificently to his approach and diverted \$1 billion from their regular \$16

billion stream of investments, telling President Johnson that they would invest what is required for slum clearance housing. This, I believe, is the kind of initiative that should be followed by the Prime Minister of this country. I believe that he should speak to our financial institutions and explain to them that they have a very real national responsibility to meet the housing needs of this country.

In the United States, the financial institutions receive approximately 6½ per cent on the money they lend for housing purposes. Our financial institutions obviously have been unwilling to come forward with enough money at the recent rate of interest, 7½ per cent, that was available to them. It has been necessary for the government to raise the rate of interest to 8½ per cent to attract what the government hopes will be sufficient funds into the housing field.

On Tuesday I asked the Prime Minister if he intended approaching the large financial institutions of this country and putting to them the proposition that President Johnson of the United States had put to similar institutions of the United States. The Prime Minister told me that if I waited until Thursday the minister would advise me of his intentions and actions in this regard. So I ask the minister whether he would not, when I sit down, advise the house as to what the government's intentions are in this regard.

As I say, I believe our financial institutions have the same kind of responsibility toward the housing needs of this country as was recognized by the financial institutions of the United States when they came forward with \$1 billion for slum clearance purposes. If our financial institutions would respond in like measure, we should obtain an additional \$100 million to what we presently have for housing purposes.

One thing has become very clear. Housing in this country in future cannot be treated as something which can be turned on or off according to the fiscal or monetary situation prevailing at the time. It must be treated as a vital human need. The funds to finance house construction must not be turned on or off according to whether other forms of investment appear more attractive at the time. There must be a sufficient and continuing flow of mortgage funds throughout the year to permit the construction of the housing which our people need. The Economic Council of Canada has made very clear that our people need a minimum of 190,000 new housing units per year to look after their needs in this regard.

[Mr. Hees.]