

*The Budget—Mrs. Mitchell*

to share the load and, indeed, adds to their long-term profit margin. This is what the minister has tried to do in his budget. While it may lessen monthly mortgage payments temporarily for a few home owners, it merely postpones the agony for another year. The Minister of Finance should not have listened to the banks. This is no real solution; it is a seduction by the banker.

For some months we in the NDP have been saying that the only solution to high mortgage rates for both home owners and landlords is positive government intervention. Mortgage interest rates should be removed from the risks and costs of a fluctuating interest rate policy. Stable, long-term mortgages should be reinstated. We used to have them through CMHC. This should again become a direct function of CMHC.

We have advocated, as my leader repeated yesterday, a freeze to maintain present mortgage interest rates for six months. During this period the government should bring in legislation to reduce interest rates for mortgages to the rate of inflation, at about 13 per cent or 14 per cent. We believe that affordable shelter is an essential commodity, a human necessity, which must not be subject to the exploitation and manipulation of the marketplace. That is the philosophy of both the Conservatives and the Liberals.

We also urge that there be controls on speculation in the housing field and an opportunity for young families to get into modest starter homes at 30 per cent of their incomes. This is a government responsibility and a bank responsibility.

The Minister of Finance talked about equity in tax reforms yet he took no steps in this budget to increase the capital gains tax on housing speculation, nor did he bring in an excess profits tax on banks. The NDP recommends that 100 per cent of the profit derived from the sale of properties which are not the primary residence of a home owner should be taxed. This capital gains tax would discourage the kind of speculation which caused extreme jumps in house prices in markets such as Vancouver. It would also avoid dramatic price slumps and the tragic losses which some people face today when they have to sell their homes at drastically reduced prices. Many people in my city, if they are forced to sell their homes, will lose everything they have paid into them because prices have slumped so much.

● (1700)

I want to briefly speak about housing starts and their relationship to jobs—no news to anyone in this House, I hope. However, the budget ignores the fact completely that there are spin-offs for workers and spin-offs to the economy generally when we have a healthy housing industry. Unfortunately, because of high interest rates, housing starts in Canada are predicted to fall to 135,000 in 1982. We need at least 220,000 simply to keep up with housing needs, let alone make up for the reduced starts in the last few years, the lowest level in recent history. Not only will it leave Canadians desperate for a place to live, but it will also contribute to the present mass unemployment that we have in the lumber and construction industries.

Ten thousand IWA workers are laid off today because of the lack of housing starts in Canada and the U.S. The plywood industry alone can bring thousands of jobs to Canadians if it is expanded for Canadian housing. It is predicted that unemployment will go as high as 100,000 workers laid off and lining up for unemployment insurance benefits at this time next year. Those lay-offs will be directly related to the high interest policy of this government.

The housing programs in this budget will help to build only 15,000 units of rental housing, which will be a mere drop in the bucket. It is good as far as it goes, but a government policy is needed to lower mortgage interest rates so that we can build at least 250,000 new homes. This is the minimum required for Canadians each year.

I would like to quote from a statement given by the Canadian Council on Social Development at a press conference this morning:

The treatment of low-income people in the budget is a complete disappointment... They have ignored the plight of over 500,000 families who pay more than 30 per cent of their gross income for rents.

The most serious housing problems, of course, are in the rental field. We think it is bad for home owners, but it is much worse for tenants. This was confirmed in the minister's CMHC report which he signed and forwarded to the cabinet; yet he has done boom-all about it in trying to persuade the Minister of Finance to put some teeth in this budget. Many tenants pay well over 60 per cent of their incomes on rents, and they have little security of tenure. Over 50 per cent of Canadians will remain tenants all their lives. This is a lifestyle which is now here to stay. High mortgage interest rates have been a major deterrent to rental construction as well as to housing starts. As a result of zero vacancy rates in many of our major cities from coast to coast, rents have skyrocketed and rent controls are ineffective in most cities. I might say that the minister responsible for CMHC favours doing away with rent controls.

What does this budget do to relieve the situation? Does the government introduce plans to lower interest rates? We know that it does not. This would, of course, encourage rental construction, and rental construction where we could be sure there would be adequate rent controls. Does the government increase the budget for non-profit and government-owned housing? Of course it does not. The only solution that we have is this program for low income and moderate-income families. Did it bring back programs to help land banking and to service cheaper land? That was another omission, as I mentioned earlier.

In this budget, the government offers no-interest loans of up to \$7,500 per unit to stimulate some 15,000 rental units over the next two years. This hardly meets the demand in Vancouver where we need 20,000 units right now, today, let alone the rental needs for construction across Canada. Government loans should be applied only to rent control housing. It is essential that investors not be allowed to sell off subsidized rental stock as condominiums. This is what was done with MURB construction. Built into that program, we must be sure