

important impact on our communities and our citizens in this country? Why are you taking it away? Why are you eliminating it? That is not understandable to anybody, whatever their political background.

The Mayor of the City of Winnipeg is a well known supporter of the Conservative Party. He is the one that is complaining equally loud and saying, "Why are you doing it to us?" I do not understand what is behind it all. Unless, once again, we are seeing a Government caught in its own ideological mind trap. The Government is so preoccupied and obsessed with the kind of thinking you saw in the Nielsen exercise of shaving and cutting that it is not able to see the forest for the trees. The Government is not able to judge the consequences of its acts. If a program is working well, it is not able to leave it alone and allow it to continue. That is the appeal that we make. Surely we must provide for communities that are properly mixed to fight against the kind of ghettoization that took place in the past. If that is the objective, then you have only one choice, and that is to change these housing programs before they do irreparable damage.

Mr. Hawkes: Mr. Speaker, I listened with interest to the Member indicating that social policies should make things better rather than worse. I wonder if the Member would admit that the piece of public policy which hurt housing the most in this decade is 22 per cent mortgage rates. If he is willing to admit that, can he tell the House why he continued to support a Government with a set of policies that produced 22 per cent mortgage rates?

Mr. Axworthy: Mr. Speaker, I guess I could only describe it as a supercilious question. It is interesting that the Hon. Member has obviously not read the budget statements of his own Minister of Finance (Mr. Wilson). After repeated questioning in debate, the Minister of Finance said that he is following a policy whereby the Bank of Canada sets its rates according to the dictates of the international market and the money markets. The rates go up and down, as we know. Every Thursday the Bank of Canada sets a new rate, depending upon the flows of capital, which is exactly what was done in the past.

There is no difference in setting interest rates on that basis other than what a Government might try to do to offset the impact of those rates, perhaps by providing alternative programs. We defended that simply by saying that because we live in a world where there are capital flows between countries at the flick of a computer button, who can control them? Does your Minister artificially set rates? Has the Minister of Finance in the Mulroney Government stood up here and said that he will artificially set a rate, whether higher or lower, whatever the case may be? Oh, no. The Minister of Finance in this Government follows the same principles as did the Minister of Finance in the previous Government.

As the Member well knows, as a distinguished former academic, interest rates were high everywhere. They were 25 per cent in Europe, they were 18 per cent and 19 per cent in

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the United States. The world was going through a dramatic recession. Interest rates were being fuelled by inflationary forces spawned by oil price changes that were taking place and by other international forces, and there was no country that was immune from those forces.

It would seem to me that the Hon. Member, who should know better and who has an understanding of economics, should analyse it according to what did take place. At that time we had social housing programs and we were trying to meet a larger and broader mix of people in this community because they could not afford the kind of housing that the private market supplied, as they cannot today. They cannot afford it today unless there are forms of support. One of the realities is that the cost of land, materials and labour has reached the point that large proportions of Canadians simply cannot afford housing on their own income. Now, we hide a lot of those subsidies through tax expenditures. That is what we are asking, why are we concentrating in this case only on the social housing program and why are we eliminating it? Why are we not looking at the total basket of housing programs and getting a much better mix of those programs?

Ms. Copps: Mr. Speaker, I would like to ask the Member for Winnipeg—Fort Garry (Mr. Axworthy), given his involvement in the Province of Manitoba formerly as a provincial MLA, if he might be able to shed some light on the problem which faces residents in northern parts of Canada. I have here a couple of letters from the Province of Saskatchewan. One is from a Mr. Larry Dawson, who is in need of RRAP funding because he has to install improvements to his septic system. He is certainly not spending the money in a liberal fashion, he needs basic changes to his household structure.

As well, Mrs. Mona Dawson, who applied in 1985 and who, because of this Government's 25 per cent cut-back in RRAP funding, was advised she had no possibility for 1985 funding, was put on the waiting list for 1986. The points that Mr. Dawson raised in his letter to the provincial and federal Minister responsible for housing is that, given that he lives in a northern climate by the time his approval for construction comes through, it may be some time in the late summer, early fall and he may be faced with problems of climate, given the possibility of permafrost, et cetera.

I wonder if the Member could outline whether he believes there should be some specific exemptions or accommodations made for those people who are applying for RRAP assistance, who have been pushed off because of this Government's cut-backs, and who now find themselves facing the fall and winter of 1986 waiting for funds for which they applied in 1985 because of the particular climate problems of living in northern areas.

Mr. Axworthy: Mr. Speaker, we have the same conditions in northern Manitoba that you are facing in the downtown area. Because of the cost conditions, and other reasons, large numbers of people have been eliminated from applying for