

Housing

direct speculative loans made by a government agency. Such a program would be directly contrary to the government's objectives in restraining the level of construction.

I wish to conclude this short statement, Mr. Speaker, by reiterating a further assurance that I and other spokesmen for the government have given on many occasions, namely that there will be no diminution of the funds made available by the government to assist in meeting the housing needs of lower income and elderly persons and families in Canada. Funds have been provided to support programs of public housing and projects for elderly persons to the full extent of the demand for such worthy endeavours.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I have asked a number of questions about this matter. I know hon. members in all parts of the house, including the Prime Minister, have been receiving strong protests from, I think, every province in this country regarding the serious situation resulting from the action of this government with respect to housing loans. It is a very serious matter and one that affects Canadians as a whole.

The minister has endeavoured to sweeten the pill by the words he added at the end of his remarks, to the effect that there would be no diminution in the funds made available by the government to assist meeting the housing need of lower income and elderly persons.

However, this announcement today seems to be a modern exemplification of the old adage that the mountain in labour brought forth a mouse. I underline that fact that it was not a house. All we have is a generalization that does not meet the situation in any way and which will result in widespread disappointment.

Today I received a copy of a telegram sent to the Prime Minister which summarizes the situation. I am not going to read it all. It is from the president of the National House Builders Association, and it states:

Reports received today from member associations indicate further disruption and curtailment of employment due to lack of mortgage funds. Examples Winnipeg quote layoffs by quality builders 120 shop labour. Other typical layoffs 30, 35 and 15 respectively. Lakehead quote six builders report reductions in carpenter and labour force from 322 total to 57. Victoria quote 75 carpenters unemployed as compared to 14 this time last year. Calgary quote most home builders laid off approximately 10 per cent trades. About 75 per cent will have to be laid off in approximately 1½ months. Ottawa quote Ottawa builders alarmed over prospects for next three

[Mr. Nicholson.]

month period. Montreal quote curtailment in excess of 70 per cent. Hamilton quote survey of eight builder firms indicate average layoffs of 38 men per firm—

What has happened is that the government refuses to act. Interest rates have climbed to inordinate levels. Eight per cent is the rate that is being charged in many places if there is to be any borrowing at all. Altogether this is a most disillusioning and disheartening statement. It does not indicate the serious concern the government ought to have given to this question.

Mr. Reid Scott (Danforth): Mr. Speaker, in commenting on the statement of the minister I would certainly echo some of the words of the leader of the official opposition. To say that this statement is a disappointment is putting it mildly. I cannot really believe that the approach it indicates represents the thinking of the minister himself who, I had felt, was far more cognizant of the building industry in Canada and who understood its problems far better than this statement would indicate.

Let there be no misunderstanding about it; this is merely a statement by the government to the effect that last year's program will be repeated. Indeed, the total program will be approximately 15 per cent or more below that. It seems to me fatuous to suggest to builders that the government does not intend to take any real responsibility for the shortage of money, and to tell the builders that they should intensify their search for other sources of mortgage funds.

● (2:50 p.m.)

The minister is well aware that it is the government which sets the N.H.A. interest rate. Now he intends to dispose of any responsibility for seeing that mortgage funds are available at the interest rate which the government itself has set. There are simply no other sources of funds to which to turn. Builders under the N.H.A. are sitting with four, five or six refusal letters in front of them from the insurance companies stating they simply will not lend any further this year. It is silly to suggest that builders should keep looking when there is no where to look.

The fact of the matter is that because of the limited rate—and I am not suggesting it should be raised—N.H.A. institutions are simply out for the rest of the year. The sources which have funds are going to lend where they can make the most money, and no one will blame them for it. But there is a duty on the government which sets this rate to see that the National Housing Act functions. The