

Housing

carry on the way we are going, we will have an even worse problem. Those are the facts. Is that irrelevant?

I was speaking a little earlier about the area I represent, a suburban riding which constantly needs a lot of housing. And the housing means growth, it means economic development. Our party is not against economic development.

Mr. Taylor: Nationalization.

Mr. Rose: That is not the answer to everything. If nationalization made a social utopia of any country, every one of the countries would have been doing it by now.

Mr. Taylor: It never will.

Mr. Rose: You do not have all the answers, either.

Mr. Taylor: We do not say we have them all, but we have got some of them. Nationalization is not the answer.

Mr. Rose: The hon. member said that. He has a few ideas, that is right. I represent a suburban riding, and when the housing starts go down in a suburban riding, and they are, the growth is down, the lumber sales are down. I have already said that about 30 per cent of the people whom I represent who work in the mills are out of employment. The retail building sales are off. The subtrades—the electricians, the plumbers and such types of contractors—are not fully employed. In my riding we expected a 5 per cent growth in population per year. We have had a housing glut. We have not been able to sell the lot we had. We are now moving into lower-cost housing, as I described in my opening statement. A \$70,000 house in British Columbia is a low-cost house. It is a 1,000 square-foot house with an unfinished basement, a plain Jane. The contractors are now cutting their price. Prices have dropped 30 per cent and the builders are building on smaller lots and they are taking lower profits. But the average price is still \$90,000 in my area. If you have an \$80,000 mortgage on it, that is \$1,224 a month. If you multiply that by three, and that is about \$40,000, you have to have that in order for it to be 30 per cent of your income. So it is a Catch 22. It is a bad state of affairs for most people. It is. Read that to your children some day. The builders will need all the help they can get. They need mortgages through CMHC. In my area they are now moving into building houses, not mansions as they were doing for the previous ten years because of the policies of this government.

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Why do we have high interest rates? That is probably the greatest single impediment to cheaper housing. I will give a few ideas about why I think we have high interest rates. We have inherited a lot of the American policy in terms of interest rates. We cannot ignore that. We cannot limit interest rates all by ourselves. We can have a made-in-Canada interest policy, but it will certainly reflect what is going on in the United States. We have put all our eggs in the big basket of megaprojects as the hopeful economic solution. The other day we heard that the Alsands project is in trouble. That is a serious matter. No one can say it is not. Do members know how much Alberta intends to put into Alsands? Between \$3

billion and \$5 billion. How much is the Government of Canada going to put in? Two billion dollars.

Four billion dollars is being spent through the petroleum incentives program to poke holes in the Beaufort Sea. Those are 93 per cent public dollars. We are prepared to make a \$6 billion subsidy to sell four Candu reactors to Mexico. We are going to subsidize B.C. North-East coal transportation at the same time as we are cutting the Crow subsidy on grain from the prairies. God knows how much we will spend on the pre-build of the Mackenzie Valley pipeline through Alberta.

If we are going to put that kind of money into megaprojects, it is obvious there will not be money left for the housing assistance plan of the minister. If you plunk all those billions of dollars into megaprojects, you must cut back on housing projects, post-secondary education, medicare and hospitalization. This will be necessary because there is not that much money. That is why our interest rates go up and our dollar declines. The high rollers opposite are suffering from megalomania. That is why we do not have enough money.

What is the government's solution? Cut back on social housing, protect the banks from excess profits, and support mortgage deferrals as it grasps the straw available to the minister of housing. Talking about mortgages in 1980, Peter Carter of the Royal Bank said:

As a responsible banker, working in a consumer-oriented society, I just cannot agree with a plan that sees the borrower ending up owing more money than he borrowed in the first place.

Well, they are in it in spades. The banks cannot see it, but they are in it. Lately we have been talking about six-month mortgages. Soon we will be talking about variable rates with no restrictions. At least in the United States there are some restrictions; a 1 per cent rise every six months. The government policy of high interest rates did not bring down inflation. It added to it. It is a wrong-headed, dumb policy, and members opposite are following it blindly. It will not help anyone.

What are we asking for? I will conclude with this, and possibly there will be time for the minister's question. We want a six-month freeze. We cannot carry on in this way. We want to bring down interest rates with a made-in-Canada interest rate policy just a little higher than the inflation rate. This need not be for the whole portfolio. The banks may still want to lend money for shopping centres or something similar at an interest rate of 22 per cent. However, it should not be for housing. It is too important. We want CMHC back into direct lending. It helped my father, it helped me and it would help a lot of other people to gain shelter. If I were not able to help my children, they would not be able to acquire any kind of shelter. They would always be victims of rapacious land owners.

We want a lid on bank mortgages and a capital gains tax on speculative housing. It is not hard to be a speculator. Most of us need only look in the mirror. Whether we like it or not, our housing assets grow up with the times.

I do not think anyone has the entire solution. We hear about do-it-yourself subdivisions, changing our zoning and having smaller lots. There are all kinds of ideas. The point is there is a