

and Housing Corporation? We suggest that the constitution should be interpreted in such a way that the minister can work out with the provinces a program to expedite the development of serviced land at a reasonable cost. Confrontation with the provinces will not solve anything. We have seen confrontations between the Prime Minister (Mr. Trudeau) and the provinces in respect of various matters including energy, housing and freight rates. Such confrontations with the provinces will not lead to the solution of anything. I suggest that meaningful agreements and arrangements with the provinces will help to solve many of our problems.

Yesterday we talked about the establishment of a new and vigorous department of urban affairs, one as important as any other government department. We must remember that two-thirds of the population of Canada live in urban centres and that there are more people living in the cities of Montreal and Toronto than there are living in the whole of the province of Alberta, for example. Surely, when two-thirds of our people in Canada live in such concentration in large urban centres it is time for the government to face up to its responsibilities by setting up such a new department.

Yesterday we suggested that the government should repeal the 11 per cent sales tax on building materials, but the minister scoffed at the idea. We now have a government spending somewhere in the neighbourhood of \$22 billion a year, and we must realize that this sales tax is not one that is calculated on the old tax base. A home that cost \$25,000 in the days when Walter Gordon implemented that tax, today would cost \$85,000 to build. That tax is not on the old base but is on the inflationary price. Is this fair and equitable to the people of Canada? I suggest that the government cannot hide from its responsibility because it is responsible for the domestic inflation.

● (1530)

What has really happened has been that this runaway inflation has turned essentials into luxuries. Food, clothing and housing which are essentials today are becoming luxuries because this government lacks any creative program to solve the problem.

The government cannot hide from its responsibility. Through its economic policies the government has contributed to the high cost of housing. The minister speaks of cutting the tax on commercial buildings and shopping centres. We are concerned about cutting the tax on homes. I would remind the minister, after that frivolous and loose argument, that shopping centres sell food, clothing and other essentials to the Canadian people, so when there is a tax on the building and equipment this added cost is passed on to the consumers who buy the food, clothing and so on. Surely the minister is not a naive man. He knows that these costs are all passed on to the consumer. A glib statement like that is no defence. In fact it only substantiates that his \$100 million demonstration program is a diversionary tactic.

Let me illustrate what the word "diversion" means. If one should go to a pond where there are ducks with ducklings in the spring the mother duck, in a desire to divert your attention from the ducklings, acts as if she has a broken leg or a broken wing. That is what this \$100

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million program is designed to do. It is intended to divert the attention of the Canadian people from the high cost of homes and the inability of Canadians to buy them. You could call it a broken wing program. We set out yesterday that a proportion of municipal residential property taxes and interest on home mortgages should be deductible from a person's taxable income to give the purchaser of a home a little break. Goodness knows, surely today he has been squeezed and has suffered too long. We spoke about the interest rates. The whole program of the government must be examined.

We had the answer by the Prime Minister (Mr. Trudeau) today with reference to rolling back interest rates, so we know the situation in that regard. People can no longer afford to pay high interest rates. I dealt with this yesterday and shall not repeat it today. If other countries can encourage lending institutions to put a certain amount of money in mortgages at lower interest rates, surely we can do the same. If other countries can have a lower rate of interest, surely Canada can measure up.

The problem apparently is the result of two factors, the maximum qualifying limit of income and the maximum amount of gross income CMHC permits to be spent on housing. Central Mortgage and Housing Corporation will not approve a loan if a person must spend more than 25 per cent of his gross income for principal, interest and taxes. Thus the maximum price anyone can pay for a house under the plan is \$26,000. This amount does not buy decent accommodation in any city, probably with one exception. Where can one buy a house today in Canada for \$26,000? In some cities, as I indicated yesterday, such as Vancouver, Toronto and other large urban areas, there are lots worth \$26,000. Yet yesterday the minister said these nice words:

The government is doing everything it can to persuade provinces and municipalities to use the funds available in order to solve the housing problem and the problem with regard to price.

Since this minister took over, and the minister before him, what program has the Liberal government ever implemented to freeze the cost of housing or shelter in Canada? The minister says that he has this big pile of money ready. He says, "Come and get it". Does he suggest that any provinces or municipalities are resisting this money he has to offer? Ask the mayor of Calgary, the mayor of Vancouver, the mayor of Toronto or the mayor of Montreal. I have letters from these gentlemen. They will give you the answer with reference to the glib comments the minister made yesterday.

I agree with the statements made yesterday by many members. I wish to refer in particular to one, that of the hon. member for Oshawa-Whitby (Mr. Broadbent), when on March 13 he criticized the \$100 million urban demonstration program. Since he spoke about this program, what this program is all about bears repeating so that the people of Canada can understand it. We find the following in the statement by the government:

We need to develop innovative projects to show the effective working of new methods of house design and house construction; to demonstrate the feasibility of new, low energy urban systems; to illustrate new ways of getting the utmost value from scarce and expensive natural resources by recycling for multiple use; and to apply new technology . . .

This is the study. I repeat it is a study which is costing the taxpayers \$100 million, almost \$55,000 per day for five