

construction; that is all there is which is positive. The budget made no impact at all on Canada's housing crisis.

The minister responsible for CMHC has left the House; one can understand why. He should hang his head in shame, not brag about the budget as he did the other day. He does not make any sense. He has not read the budget, to be bragging about it. He told home owners that this long awaited budget would help solve their mortgage problems. Hon. members will recall that he said it would help some 100,000 people renewing mortgages at over 30 per cent of their incomes. That is just for mortgage, interest and taxes; forget about the high cost of fuel and other household costs. He said that it would help them out of their dire straits and would save their homes for them. He was wrong, very wrong. The government decided to rescue Canadian home owners from the disaster created by high interest rates by imposing on them a certified disaster—the Canada mortgage renewal plan. This is a reincarnation of the old AHOP. We know how disastrous that was. It would put home owners in bondage for their lifetime.

● (1650)

We expected the Minister of Finance to make the banks bleed a little. He certainly did not do that in this budget. It is a bloodbath all right but not for the banks; it is the home owners who will be the blood donors. Bankers are laughing all the way to their banks. Instead of lowering mortgage interest rates, the government will subsidize continuing high mortgage interest rates. That hardly gets at solutions. Instead of requiring the banks to establish an affordable mortgage lending portfolio from their billions of dollars of profits—\$1.4 billion in the first three quarters of this year—the government will guarantee mortgage interest deferral plans. This will bring in thousands more dollars to the mortgagors but will keep home owners in debt for the rest of their lives.

The Canada mortgage renewal program in this budget is a program for guaranteed usury, sponsored and encouraged by government. It is no solution at all. The tragedy is that many home owners—and I am sure hon. members know many of them—have no choice but to use the interest deferral scheme. They cannot sell their home without considerable loss, since prices have dropped and there are few buyers. Even if they could sell, where would they live? In most localities there are few rentals available for families, and those that are available have very high rents. There are long waiting lists for co-op housing which the government did nothing to increase in this abominable budget.

I want to illustrate the hopeless situation that a family of four in my riding of Vancouver East finds itself in today. This family has an income of about \$30,000. The head of the household came from Calgary to Vancouver East in 1980. He is the principal of a local school and had saved \$25,000 for a down payment which he put on a very modest three-bedroom home. He took out a \$68,000 mortgage for the balance at 13 per cent and is paying \$774 per month. Although that represented a little over 30 per cent of the gross family income, they could manage it. His wife has to remain at home because she

*The Budget—Mrs. Mitchell*

has a very small infant to look after. On November 1 this year the family was forced to renew the mortgage at 22 per cent. This shot their mortgage payments up to a phenomenal \$1,248 per month, or over 50 per cent of their gross income. I wish the minister was in the House because I think his own mortgage is at 14 per cent.

Because the family had used their savings for the down payment, they have equity in their house and therefore will not qualify for a government grant. Yet even with an income of \$30,000 per year, this family will not have enough left in the budget for food with an increased mortgage. They allocate \$320 per month for food, and of course they cannot make it on that. They will probably have to arrange to defer interest of \$250 per month through this Canada mortgage scheme. They will not get this as a grant because they have equity in the house. This still leaves them with \$1,000 to pay, or close to 40 per cent of their income. A year from now they will lose the \$250 deferral arrangement and will go to the maximum rate. In addition, the deferral amount will be added to the principal so their debt load will increase rather than decrease.

This mortgage deferral scheme offers nothing to this family, Mr. Speaker, and I am afraid that is pretty typical. Perhaps the rates are not quite as high in some other cases but the penalties will certainly hold true for most hardship cases across the country. Recently this man said he works harder and harder and gets less and less. He thought that he would probably have a better chance buying a lottery ticket.

I should like to quote from a statement by Jack Munroe to the IWA regional convention held recently in Vancouver. He said:

About 10,000 IWA members from B.C. (8,000 spouses, 18,000 children) have lost their livelihoods as a direct consequence of the staggering interest rates imposed by Canadian and U.S. federal governments. Some have lost their homes, and virtually all are paying hundreds of dollars per month more for their mortgages or rents. For a principal of \$50,000—modest in light of B.C. housing prices—renewed September 1, 1980, for one year, the increase alone in interest charges effective this September absorbs \$3.20 per hour in pre-tax earnings if the borrower is lucky enough to work full time. Negotiated wage increases are ranging from \$1.25 to \$1.90 per hour.

The Minister of Finance complained about wage increases. What does he expect when workers have to face this kind of expense? As my hon. friends says, they are working for the banks.

Only \$35 million has been allocated for the mortgage deferral grants this year. It is a mere pittance and will not meet the needs of the 40,000 people whom the minister himself said are in danger of losing their homes. Many people will not qualify for the grant even though they cannot afford to live on their incomes. Any way you look at it, Mr. Speaker, it is an inadequate answer to mortgage problems.

We in the NDP do not agree with Liberal budget proposals to deal with the critical mortgage interest problem. Mortgage interest deferral adds to the total debt load of the home owner. As with the AHOP disaster, it is based on a faulty assumption that incomes will go up after a year when, in fact, we know that real incomes for most workers hardly keep pace with inflation. It places no obligation on financial institutions