

for Urban Affairs in relation to the graduated mortgage scheme which he introduced as a strengthening or improvement of the AHOP program. In light of the fact that the CMHC budget has been cut by \$500 million, and the fact that the government's new housing strategy rules out any form of subsidy to low income earners or to the poor, how does the minister intend to introduce this graduated payment scheme, and how does he intend to gain the support of lending institutions and the provincial governments in respect of his new scheme and new approach?

**Hon. André Ouellet (Minister of State for Urban Affairs):** Mr. Speaker, this new technique was explained to the lending institutions in Canada and to the provinces specifically at the time of the last federal-provincial conference. It is not something new; it is something that exists with relative success in the United States. It exists in British Columbia with successful experience so far.

The response we have received from lending institutions has varied from enthusiasm to prudent reservation. Indeed, the co-operative movements, the caisses populaires and the credit unions, have expressed support for the program, while the banks have expressed some reservation. At any rate, we do not intend to force any lending institution to use the new, graduated payment mortgage program. It is there as an extra tool to be used. If some lending institutions use it, we will be pleased. We have already received indications that it is being used in some areas of Canada with success.

I believe that, like any other new financial scheme, it will take some time before it is in operation. I do not expect the banks to jump for it and to be the leading financial institutions in this regard. However, as the program materializes and shows success, I am sure that all the banks in Canada will approve the system, hopefully in the not too distant future.

**Mr. Oberle:** Mr. Speaker, in light of the fact that none of the lending institutions has so far agreed to proceed with this program, nor have any of the provinces agreed to support it, since the program is widely known among the poor as a reverse indexation of mortgage payments, and since the program does not work in the United States unless it is coupled with a write-off of the interest portion for income tax purposes, is the minister and the government prepared to bring in new measures and announce additional changes in strategy to allow middle, low income and poor people to continue to live in decent housing in this country?

**Mr. Ouellet:** Mr. Speaker, the government has, indeed, brought forward a substantial number of new measures to help low income people. All our new strategy is directed toward helping through the creation of a greater number of units for low income people in Canada. What the hon. member is talking about is perpetuating federal subsidies to people with higher incomes who in fact do not need government subsidies.

When the hon. member indicated earlier that the provinces and lending institutions had not accepted the graduated payment mortgage scheme, he was wrong. In fact, lending institu-

tions have accepted it and some mortgages have already been granted in Canada since the suggestion made by the federal government.

\* \* \*

## THE CANADIAN ECONOMY

### POST-AIB MONITORING BOARD

**Mr. F. A. Philbrook (Halton):** Mr. Speaker, my question is for the Minister of Finance. I am sure we were all pleased to learn today that "the chairman of the Anti-Inflation Board denied that he was asking for pay increases for AIB employees that would be above those allowed for other Canadian workers". The chairman was also quoted by Canadian Press as saying that he had no idea when the board would actually close its doors.

● (1442)

Since the Economic Council of Canada has now agreed to take on the function of monitoring inflation, I wonder if the minister could assure the House that the Anti-Inflation Board will be closed down as early as possible in order to avoid duplication, unnecessary expense, and to support the business community of Canada?

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, it will, of course, be phased out as quickly as possible. The hon. member should know that a great number of companies throughout the country will have to report at the end of the year, for the third year of compliance with the program: their books will have to be inspected in order to ensure they have not abused the system. As soon as their books have been verified and everything has been accounted for, the AIB will wind down starting in the 1979-1980 fiscal year.

\* \* \*

## ANTI-INFLATION BOARD

### SALARIES OF STAFF

**Mr. Lincoln M. Alexander (Hamilton West):** Mr. Speaker, I would like to ask a supplementary question of the President of the Treasury Board. I am not interested in what the chairman of the Anti-Inflation Board has to say; I want to know what the government's intention is in this regard. Apparently, the Minister of Finance says that the workers of Canada shall not receive any more than 6 per cent. Even though the chairman of the Anti-Inflation Board states he is not asking for, I believe, 11.5 per cent per year, could the President of the Treasury Board advise the House the government's position in this respect? I would hope the minister would indicate that under no circumstances would he countenance the AIB seeking anything more than 6 per cent. In other words, equality shall prevail: is that the position of the government?