income. Now that the middle-income group is being squeezed, with respect to housing, we hear loud squawks and outcries. They are feeling pressures which have been on the poor all along.

● (2110)

What is the purpose of Bill C-135? I think we should refresh our memories on that point. The purpose of the bill, as stated on page 2, is as follows:

—to enhance the marketability of mortgages issued on residential properties in Canada and improve the effectiveness of the contribution of the private sector to the financing of housing in Canada.

The minister in his notes on the bill states:

The provisions of the residential mortgage financing act are designed to contribute directly to meeting these objectives by providing new financial mechanisms in the Canadian mortgage market aimed specifically at improving the flow of mortgage funds for the middle and moderate income home buyer.

This will be achieved by enhancing the attractiveness of mortgage investment for financial institutions and pension funds, and by creating new mortgage investment companies through which the smaller investor can place investment funds into mortgages.

This statement means only one thing, namely, higher interest rates. In view of the fact that 250,000 new houses were built in Canada in 1972, and this is considerably in excess of the annual target of 236,000 new houses set by the Economic Council of Canada, it is fairly obvious that the problem is not availability of mortgage funds but, rather, whether the consumer can afford the cost of contracting a mortgage. And is it fair for mortgage institutions to be able to take advantage of the consumer in such an essential area as shelter? The answer to both questions—I hear reverberations from behind the curtain—is an unequivocal no.

Bill C-135 smacks too much of the old Liberal chestnut enunciated by the minister of finance in 1966. The solution, as the government sees it, is to establish two institutions: the federal mortgage exchange corporation and mortgage investment companies. These institutions will provide liquidity in the mortgage market comparable to stocks and bonds.

Again, these changes are set up, not as advantages to the consumer but as advantages to the lender. This bill is indeed a Shangri-la for the lender, and if it had not been conceived by the Liberal government the Conservatives would have dreamed it up. That is why they both support it, because it is advantageous to their affluent backers.

This bill is most significant for what it does not do. For example, it will not intervene in the marketplace to stabilize the cost or supply of mortgage funds. It will not reduce the cost of housing to the consumer. It will not guarantee that residential mortgages will receive the priority they deserve. It will not guarantee adequate mortgage funds for new or existing dwellings in rural areas and in less privileged areas. The new NDP proposals would seriously come to grips with the real housing problem facing Canadians.

My friend, the hon. member for Hamilton West (Mr. Alexander) says, "Here it comes".

Mr. Alexander: I rise on a point of order, Mr. Speaker. I never interjected for one second during the hon. member's speech.

An hon. Member: That is strange. You usually do.

[Mr. Rodriguez.]

Mr. Rodriguez: It certainly is a great relief to know he has not.

These proposals are, first, that the government establish a central mortgage fund section in the Department of Urban Affairs which would direct federally-chartered lending institutions to allocate capital at rates not exceeding the prime bank rate, plus an administration fee, about 2½ per cent below the present NHA rates. We also propose that these funds should be directed according to the housing priorities established by the Department of Urban Affairs. The NDP views the average and below average family income earners as those who should have the top priority in obtaining NHA mortgages. We feel that this kind of planning on the part of the government would ensure a solution to the housing problem initially for middle and low-income Canadians and, finally, for all Canadians who need shelter at a price they can afford.

Mr. Frank Howard (Skeena): Mr. Speaker, to the relief of all may I say that I intend to be very brief.

Some hon. Members: Hear, hear!

Mr. Howard: First, I will try to set out, for my own sake if for no one else's, what I conceive to be the purpose of the bill. Lumping it together, I think it is to provide $400 million of taxpayers' money, $100 million of it in share capital and a maximum of $300 million as loans that the Minister of Finance (Mr. Turner) may make to the corporation that is to be set up under the bill.

With this money the federal mortgage exchange corporation is authorized to buy and sell mortgages and to lend money on mortgages currently held for a period not exceeding one year. I think of it as being a kind of stock exchange for mortgages, for dealings in houses, an area where the gamblers and speculators can hold full sway and where the homeowners' interests are not considered at all in those high-stake games where they are dealing in hundreds of thousands and hundreds of millions of dollars.

While initially there is to be up to $100 million of share capital money put in by the public, all in all this is not a public corporation but a private corporation something similar to the Canadian Development Corporation, financed with public funds for the benefit of private interests. It is true that in the bill, unless parliament subsequently changes it, the share capital investment of the public through the federal government shall not fall below 50 per cent. But it does not mean that the federal government will have any measurable say in what the corporation does or how it conducts its affairs just because we put up more than 50 per cent of the money.

To realize this we only have to look to Panarctic Oil, which is a consortium of oil companies, private entrepreneurs who could not find oil on their own and needed the taxpayers of Canada to help them do it. So the taxpayers of this nation put up 45 per cent of the money in Panarctic Oil, and for that investment for a long period of time the Canadian government appointed one member to the board of directors of Panarctic Oil. The oil industry, all the oil companies that were involved in Panarctic Oil, were the dominant factor on the board of directors making policy decisions for Panarctic Oil. Subsequently the gov-