

*Use of Bank of Canada to Ease Tax Burden*

In view of the interest rate now in force, an \$18,000 house, including the price of the house and land, costs its owner from \$52,000 to \$53,000. After 40 years, the same \$18,000 loan granted by the CMHC at 9½ per cent, as recommended by the Hellyer task force, would cost about \$75,000. Is not such a house paid for six times over? Moreover, according to the figures available to me, a \$20,000 house, that is a five-room brick dwelling panelled in wood on a piece of land worth \$2,500 would cost \$58,000 after 25 years and \$84,000 after 40 years. Is not that robbery, if you will pardon the expression?

**Some hon. Members:** Hear, hear.

● (5:50 p.m.)

**Mr. Beaudoin:** The report of the task force on housing and urban development recommends that, and I quote:

The federal government should seek to encourage and co-ordinate the efforts of private lending institutions to meet the vast majority of Canada's residential mortgage requirements by setting annual targets, by canvassing these lenders twice annually—

Can you picture the white-collar gang on the construction sites?

—to ensure that their investment intentions are adequate to meet these goals, and by paying particular attention to the needs of the various regions of Canada a special effort should be made to enlist the increasing participation of Canada's rapidly growing pension funds in the field of residential mortgage financing.

Mr. Speaker, can you see people using the pension benefits they managed to pile up to support a system which I submit is crazy? Is it not a public scandal? Could we endorse such a recommendation and thus let the people that we represent be exploited, as has been the case in recent years, by private lending institutions, in particular insurance and trust companies? I suggest the government is shirking its responsibilities towards the people by tolerating such a situation and by forcing people to pay for their properties five or six times what they are worth when applications for loans are directed to those institutions.

Mr. Speaker, I maintain that the present system offers no solution and I repeat what we, of the Ralliement Cr ditiste, have always advocated, namely that the Central Housing and Mortgage Corporation could atone for its past by using the services of the Bank of Canada or other similar institutions to lend money at interest rates covering only administrative costs to those who want to build a

[Mr. Beaudoin.]

home. To that end, it would be necessary to create new bank credits making up capital designed for the social welfare of the country which would not come from the private sector which forces the borrowers to repay two, three, four and even five times the amount of the loan.

To illustrate this procedure of the social credit system, one can look at the banks when they decide to put up a building. We could proceed like they do in the private sector to see what would happen.

Banks start by opening themselves credit in a current account; they thus give themselves some credit and they do not charge any interest on it. It is an entry costing only the ink used to make it. Then it is decided to build new premises. And the construction is started no matter the cost since only the capital is repaid. Once the construction of the building that will house the offices of the bank is completed, space is rented at a monthly or yearly rate. After 30 years, the credit has been paid back. It is surprising to see that the procedure works well for banks, but not for individuals. That is something that I find myself unable to fathom.

So Social Credit creates to destroy credit which, while it lasts, plays the part of real money, that is the part now played by the banks, according to the powers granted to them.

Thus, the bank would loan the funds required to purchase the land and to build, in accordance with accepted standards. After an examination of the reimbursement possibilities of the family or of the new owner who is to purchase the said building, the bank would set the monthly payment to be made. Such loans would bear interest at a very low rate, just enough to cover the risk of non-payment and administrative costs. These monthly payments could be spread over a period of 20, 30 or 40 years, depending on the quality of the materials and on the reimbursement capacity and, as a general rule, this monthly rent could be set at 20 per cent of the owner's income.

This system would allow thousands of families who are now tenants to become homeowners and thus become a stabilizing factor in our society, while creating sources of income for the municipality where this house would be built—

Mr. Speaker, may I call it six o'clock?