As it is very relevant and cogent to the discussion this afternoon, I would like to remind Hon. Members that last spring the banks, which we in the New Democratic Party have argued never lose in this country, were crying "foul" and pleading poverty before the appropriate House Committee on Finance, Trade and Economic Affairs which was studying bank profits. Our Party, when it came through with a minority report criticizing and indeed condemning the banks for their exorbitant profits during very tough times, was laughed at or scorned by the business sector and certainly by the banking institutions, yet in last night's news and in today's newspapers we were informed that in 1982 the banks indeed had an excellent year. On average, they had a 30 per cent increase in profits over 1981, which was their best year in history. I believe it was the Scotia Bank which had a 62 per cent profit. The Royal Bank had a 39 per cent profit in 1982 over 1981.

Something must be done about the exorbitant profits of the banks. We in the New Democratic Party have stated that, as in some other progressive countries, the banks should be used in part, not in total, as an extension of social policy. In other words, there should be pools of capital which the banks should be forced to set aside for such groups as farmers, who are extremely important producers in a country such as Canada, for small businesses that are viable but are having short-term cash flow problems, for fishermen, and for low- and middle-income earners with respect to home mortgages. This impacts directly upon the Bill which we are discussing this afternoon, Bill C-674.

In the long term it would help to overcome even the necessity for this kind of Bill if we were to go back to long-term mortgages and to stabilized interest rates over at least a ten-year period. This would also stimulate as well as stabilize the home construction industry and eliminate or certainly reduce a considerable amount of the rip-offs or questionable practices in the residential development area which were formerly evident across the country, to some degree because those in the development industry, the builders and real estate agents, looked ahead and saw crests in their industry of two or three years and then troughs of two or three years. Thus they could not adequately plan ahead. Therefore they tried to grab as much as they could in terms of profit, while the grabbing was good.

• (1630)

There are many aspects to this legislation that we commend to the Government. I see no reason why this Bill cannot go to committee, and I warn Hon. Members opposite that if they talk this Bill out this afternoon they will be deliberately assisting the banks, which made a fantastic profit in 1982 compared to almost every other sector of the economy; they are helping out the mortgage companies, whose profits are also high in comparison to the other sectors of the investment community, and they are directly hurting 700,000 Canadian homeowners—which was the figure used by the Hon. Member who introduced the Bill—who hold mortgages the interest rates of which are in excess of 17 per cent. They are hurting those 700,000, most of whom could reduce their mortgages to more reasonable interest rates and more manageable monthly payments.

I put this to the Liberal Members opposite: put aside partisanship this afternoon. It is not going to bring down the Government, it is not going to force a snap election, it is not even going to result in Bill C-674 becoming law. We are simply asking the Government Members to let it go through to committee for further study. And if that happens this afternoon, that will be a triumph for backbenchers of all Parties in this House. It will be a gigantic step forward in showing the Treasury benches as well as the banking and money-lending institutions that we ordinary MPs still have some clout, as well as compassion for our constituents.

Mr. Robert Bockstael (St. Boniface): Mr. Speaker, I am happy to address this Bill C-674, which has been proposed by the Hon. Member for Lanark-Renfrew-Carleton (Mr. Dick), to amend the Interest Act.

The idea behind this Bill has been around for quite a while. At first blush it is natural to have considerable sympathy for what it attempts to achieve. The intent of this proposal is to be retroactive, to go back on contracts that have been established and to amend them after the fact.

It was pointed out by the two previous speakers that we used to have 25-year mortgages, and they lamented the fact that we do not have them any more, that they have been reduced to one-fifth, or five-year mortgages. The very process they are proposing this afternoon is to take five-year mortgages and cut them in five slices and therefore make them one-year mortgages for all future mortgage-holders. My central concern is that it would lead to a very undesirable result. The consequences would be more serious than the benefits that might be achieved, and we would end up in a situation where not only mortgage lenders but also homeowners who want to finance a mortgage would find themselves in a worse position than under the present legislative arrangements.

As I said, the purpose of the Bill looks good on the surface. It is only natural that when mortgage interest rates decline, a homeowner with a mortgage at higher rates would want to take advantage of the reduced interest rates. One can envisage circumstances where, even at a cost of three months' interest, this would be to the homeowner's advantage. I suppose it is the equivalent of having one's cake and eating it, too. Why was such a change not written into the Interest Act years ago? There is a good answer to that rhetorical question. One can begin to get a clue to the answer if one looks at the present terms of the Interest Act. This law allows mortgage borrowers with long-term mortgages of, say, 25 years, to redeem the mortgage at the five-year anniversary date. In effect, they can refinance the mortgage at the current interest rate. The result of this arrangement has been that the normal maximum length of mortgages is, effectively, only five years.

Of course there are times, such as we have passed through recently, when financial markets are in difficulties and shorter terms prevail. Not many homeowners were willing, in the fall of 1981, to tie themselves to five-year contracts at the then