

Mortgage Financing

other areas in Canada, there was no facility for the ordinary guy to get a loan to build a home, so he had to go to the finance companies.

What this parliament is doing is creating the mechanism whereby savings can be accumulated and not subject to a horrendous tax, but subject only to the regular income tax, as should be the case. This money can be collected by a corporate entity and lent on the market at a realistic rate. It is competition that determines the rate of interest, except under circumstances where this government creates artificial interest rates in order to take care of international problems. Really within Canada it is competition that determines the rate, and one of the advantages of this bill is that it increases competition possibilities in the mortgage field.

This bill also makes it possible, without the horrible burden of corporate tax, for investors to pool their resources, each paying personal income tax on the profits, but without being stuck for both corporate tax and personal tax. It makes it possible for them to pay corporate tax but to avoid being almost raped when they pay a regular dividend, or pay a capital gains type dividend, and thus are induced to go into the field.

I commend the minister for bringing this bill forward. As I said, I am not pleased with some of the drafting, as I am not pleased with the obtuse way in which draftmanship is sometimes carried out in this country. This matter has been referred to earlier in the session by the hon. member for Winnipeg North Centre (Mr. Knowles), and I do not intend at this time to offer less obtuse drafting, but surely somewhere along the line it should be the obligation of those who draft statutes for us and for the public to read, to draft them in such a way that they need not be read 10 or 12 times before determining what they mean.

The principle and the concept of the bill are good and I cannot for the life of me understand why those in the party to my left object to it. Surely, their only objection could be that somebody is going to go into the business of lending people money. If they have any intention of trying to drive down mortgage rates, surely they should stand up and be counted as saying: Yes, let's get on with it and do something for the ordinary people of Canada. Members of that party do not understand what they are doing, so they simply say that because this is a business statute they cannot possibly support it, therefore they speak on and on against it. Would it not be terrible if the management of this country were entrusted to people with such a lack of sense and a lack of financial intuitiveness.

I commend the minister for introducing this bill. I hope it passes in a hurry, moves on to the committee where the drafting can be cleaned up a bit and we can pass it into law.

Mr. John Gilbert (Broadview): Mr. Speaker, hon. members of the NDP will not support the provisions of Bill C-135. I am sure the Minister of State for Urban Affairs (Mr. Basford) finds it very awkward to be in the same bed with the hon. member for Peel South (Mr. Blenkarn).

An hon. Member: It is a king size bed.

Mr. Gilbert: After all the progressive ideas the minister has spouted from time to time he now finds himself in the

[Mr. Blenkarn.]

same bed with that hon. member for Peel South, and I am sure he must find it uncomfortable.

The bill does nothing to help the average Canadian purchase a home at a reasonable cost.

Mr. Blenkarn: Except to reduce the interest rate.

Mr. Gilbert: On the contrary, it imposes a financial hardship which is both cruel and unconscionable. The bill sets forth the philosophy of the Liberal and Conservative parties, that they regard housing as a commodity for profit, the amount of which is to be determined by the free play of market forces, with no regard to reducing the cost of mortgage financing for housing. In other words, it puts profit before people.

We in the NDP reiterate our philosophy that all Canadians are entitled to clean, warm shelter at a reasonable cost as a matter of basic human right. The philosophy of the Liberal and Conservative parties is to make this bill attractive in order to enhance mortgage investment. We in the NDP accept our responsibility to provide adequate housing at reasonable cost.

The two main items or factors in respect of the high cost of housing today are the high cost of land and the high cost of mortgage money. I am sure there will be no quarrel, even from the hon. member for Peel South, in respect of that analysis. When we look at the high cost of land we find that the government has introduced Bill C-133 in an attempt to find a solution to this problem. It has set aside \$100 million each year for the next five years for the purchase of land to set up a land bank. Just a short while after the passage of that bill, the minister stated that the provinces and municipalities were not taking advantage of the provisions of that bill. This is very disappointing, and I guess it behooves the minister and members of this House to persuade the provinces and municipalities to take advantage of those provisions.

The hon. member for Peel South pointed out that mortgage interest rates have increased in the last while from 8½ per cent to 10 per cent, 10½ per cent and 11 per cent. One wonders just where it will stop, but I guess there is no limit to the greed and avarice of investors in this country.

Who will gain as a result of the passage of the provisions of Bill C-135? Will it be the average Canadian worker who wants to buy a home?

Some hon. Members: Absolutely.

Mr. Gilbert: Will it be the average Canadian who wants to marry and establish a home who will gain by these provisions? I suggest that is not the case. With the interest rates we will have, we will be making it impossible for the average person to buy a home. The minister set forth the situation in his statement of February 1, 1973 when he said:

The effectiveness of the new financial mechanisms in generating new sources of residential mortgage funds will obviously depend on the degree to which private investors respond to them. During the development of these provisions, therefore, consultations were held with the financial community to ensure that the mechanisms were fully appropriate and would be effective in meeting their designed purpose. In addition, the research group that worked on the proposals included a number of experts from the financial community.