Marie. Moreover, throughout the country the shortage of residential land is driving prices up.

Let me give some examples. In Calgary, a house which sold for $23,000 two years ago is now selling for $33,000. It is true that construction costs have gone up; labour costs have gone up, but none of these costs have risen to the degree that land costs have risen. It is the failure of this government to outlaw land speculation and its reluctance to help in municipal land banking that has been the cause of this horrendous increase in land prices. Bill C-133, which was recently debated, moved somewhat in the direction of helping with respect to land banking, but that measure falls far short of requirements. This misguided faith in the ability of a free market economy to fulfil justly and adequately social needs can no longer be tolerated, in my view.

Next, let me deal with the cost of financing a house. On examining the mortgage picture we shall see an equally desperate picture. At one time mortgage interest rates in this country were fixed at 6½ per cent by the government. Then, in 1967, the Liberal government, acting on the advice of the then housing minister who has since joined the Conservative party and now sits as the hon. member for Trinity (Mr. Hellyer), removed that ceiling and let market forces determine what the mortgage rate would be.

• (1540)

As a result, residential mortgages are at an all-time high of 10 per cent, and it is predicted they will rise to 11 per cent in the next few months. This is quite understandable. To leave mortgage rates free of any kind of regulation, free to work in the market economy, means that profit motivated companies will develop, build and concentrate on high-cost housing where returns are the greatest. There will be less building of moderate and low income homes. This is what has happened. It has happened as a result of the Liberal and Conservative faith in the private sector to meet the housing needs in this country. We now have a crisis bordering on catastrophe. Public pressure has forced this government to do something about the cost of housing. Bill C-133 has been passed. It will help middle and lower income families to some degree with regard to buying houses. Bill C-135, which is before us, is supposed to help them in financing mortgages. I feel it is a weak bill and does not meet the needs of Canadians.

Why are we opposed to this bill? First, it still allows for the supply and control of mortgage funds to be determined by the free play of market forces. I hope I have already demonstrated that to allow that to happen would only worsen the situation of Canadian home buyers. There has been no attempt by this government to stabilize the price or supply of mortgage funds. There has been no attempt by this government to fix the mortgage rate at 6 per cent so that the majority of Canadians can afford to buy a new home.

Second, this bill gives tax concessions to mortgage companies, banks and their shareholders to attract more funds into the mortgage market. I am afraid this will only perpetuate high interest rates on mortgages and high priced housing because in that way, return or profit for investors is the greatest. How will this bill solve the dilemma of the average income Canadian wanting to buy a house with no guarantee that the mortgage rate will be held at one level? Why do banks need further incentives? Bank profits have increased by 20 per cent each year since 1967. They have had a higher return than any other sector of our economy. Mortgages are 100 per cent guaranteed by the Canadian government. Why do they need concessions? Where is the risk in this kind of financing? The government is perpetuating its corporate rip-off and this time it is affecting home buyers.

The third reason my party is opposed to this bill is that mortgage companies will not only be allowed to finance residential development, but non-residential real estate. I can foresee such companies putting money into office buildings, shopping plazas and so on where profits are much higher than on low and middle income homes. How will that help the average Canadian buy a house? This bill should provide that the priority be for housing, not non-residential development.

Fourth, this bill does not ensure adequate mortgage funds are available for the rural and poorer areas of the country. I know of a man who wanted to build on the outskirts of Sault Ste. Marie. There were no sewage facilities. As a result, he did not qualify for an NHA mortgage. The only way he could arrange financing was to seek a small company that would give him a mortgage at an interest rate of 15 per cent. This is an outrage. This bill is an outrage because of its weakness in this area. The New Democratic Party opposes this bill in principle because it will not solve the problem of financing home building. It will only exacerbate the situation.

For the past few weeks, the members of the Conservative party have been arguing on behalf of the consumer for controls. However, on this bill they are supporting the government. Here is a chance for them to support a control which will benefit the consumer, a control on the mortgage rate, yet they intend to vote with the Liberals. The Canadian public is aware that when it comes to financial matters that affect large companies or financial institutions, the Liberals and the Tories are still the same old gang. They will not jeopardize, restrict or curb any of the financial activities of these companies which are exploiting the consumer.

If the NDP proposal were implemented, it would bring down interest rates. What is our proposal? We would direct the federal government to instruct the banks and other federally chartered financial institutions to allocate a substantial portion of their annual investment in residential mortgages at a rate not exceeding 6 per cent. This would represent an annual saving of approximately $1,000 for the average family on their mortgage payments. I know all the arguments about the banks not being able to allocate more of their funds to the mortgage market. Their mortgage holdings today represent only 8 per cent of their total assets. A 6 per cent mortgage rate would only reduce their profits to a minor degree. The banks can certainly afford to do this because their profits have risen by 85 per cent since 1966. The proposal I have outlined is a realistic approach to mortgage financing.

This bill would perpetuate a financial corporate rip-off of the Canadian home buyer. There is no guarantee that interest rates will go down or even hold the line because of