

*National Housing Act*

fundamental problem, and the fundamental problem was that we could not allow mortgage interest rates to fluctuate in the same way as interest rates for all manner of other less important things.

• (1600)

Mortgage interest rates must be treated differently from interest rates on loans for the purpose of purchasing luxury commodities. Mortgage interest rates must be considered an integral part of the Canadian lifestyle. They must be addressed by the Government and its agencies in such a way as to ensure that Canadian families of average income are able to continue to purchase homes and to pay for them. That is the commitment we asked of the Government. That is what we suggested to the Government ought to be done. That is what we have been arguing for all along. It is difficult, but everything is difficult.

It is essential, however, that we separate money to be made available for mortgages from money to be made available for all other kinds of investments. That is the crux of all of this. You would not have to sell insurance against Government incompetence if you set up a program to guarantee that there will be mortgage money available. You do not have to insure yourself against increases which are both unacceptable and undesirable if you have established the principle that out of all the available capital in the country which is currently being used for investment purposes, a significant proportion must be made available for the purpose of providing mortgages for the building of Canada's future. You start from there and make the determination that that is going to happen. Having done that, you begin to address the serious question of how to ensure that there will be decent and affordable housing in all parts of the country at prices which are within the capacity of Canadians to afford.

When I began my speech, I said that this is fraudulent. It really is. This is not only my opinion. You may expect me to rail against the Government for its incompetence and stupidity. The views which I express are views that are being expressed by others. Mr. Claude Roots, the Vice-President of the Canadian Real Estate Association, when referring to this piece of legislation said: "It almost concedes that we have to look forward to a period of higher interest rates." He is a man who deals in the business. He says that this legislation will, in itself, result in higher interest rates.

Andrew Cohen of the Consumers' Association of Canada said that he would not recommend the plan for everybody. The reason he would not recommend it for everyone is that the vast majority of people will never be able to take advantage of it. More importantly, they will find themselves continuing to pay ever-increasing rates of interest to those who loan the money.

Frank Clayton is well known for his expertise in housing. He is a housing economist. He studies the field and provides excellent background material which is used by almost anyone with any interest in the housing business. He says that the plan will be of little help to present home owners. It will be virtually

useless to someone taking out a one-year mortgage since the premium cost is the same regardless.

These are people who work in the field. It is not a matter of me speaking against it for political reasons. I recognize the political risks. People will be told by the Government in a variety of different ways during the course of an election campaign that we spoke against something called protection for mortgagees. We speak against it because it is wrong. It will do exactly the opposite of what is required to be done. By itself it will encourage interest rates to rise. Because of the cost and the fact that there is a 2 per cent allowable interest rate increase, chances are that interest rates can and will rise by 3.5 per cent with impunity. On a 12 per cent mortgage an increase of 3.5 per cent is in excess of a 25 per cent increase. Mortgage interest rates will be able to rise 3.5 per cent before any single home owner will be able to benefit one iota from this. This is happening in the time of six and five.

The reason we are opposed to this is because it creates a sense in the public that something is being done which will be beneficial when in fact it will be detrimental. How far do you go in selling insurance against government incompetence? Is the next step to sell insurance against the Government's mishandling of the financial affairs of the country so that there will be insurance against tax increases? It is ludicrous. Our opposition to this Bill goes right to the core of the question of housing. Affordable housing is a necessity. It cannot be treated in any other way. You may be able to get by without a number of other commodities, but in Canada you cannot get by without a place to live.

In Canada we must begin to debate how to provide that affordable housing. It is not done by conceding that already high interest rates can continue to rise. It is not done by conceding that insuring people against inevitable increases will solve the problem. I feel aggravated by the fact that the Government has done this. There can be no support for this kind of a program.

I could have seen marginal merit had the program kicked in immediately, if the insurance had been against any increases. Deficient in principle as this approach is, in order to make it marginally beneficial, there cannot be a 2 per cent allowable increase. The program must kick in right away or you will find yourself with increases of 3.5 per cent, or even higher. Every single person who has been sucked into buying this will find themselves receiving absolutely no benefit.

I see you are signalling that I do not have any more time, Mr. Speaker. I am sorry about that because there is so much to be said about this. I will close my remarks by saying, through you, to the Minister of Housing (Mr. LeBlanc) that this will not work. It will create false expectations. It will work to the detriment of the housing industry. Of itself it will encourage higher interest rates. It will place a penalty on people who can ill afford it. It will add to the mortgage to be carried by the majority of people when in fact the Minister knows that the level of mortgage indebtedness is now at a serious level. It will do nothing to solve the current problem of people who are locked into mortgages that they cannot afford.