

to this important bill in more detail. The intent of this legislation is clear. The federal government wants to be relieved of all direct responsibility for housing. This is a trend which started well over five years ago. CMHC is being privatized and divested of its public responsibility as a housing corporation which, until recently, has assumed a very important social housing function in Canada. This function was the only way to protect Canadians during times of crisis such as we are experiencing today.

The minister has repeatedly spouted his privatization line, most recently on November 25 when he said governments do not build houses—certainly this government does not build any—and that the dynamic force has been the private construction industry and financial institutions. I would like to suggest the minister check his facts more carefully, since over 50 per cent of the housing stock produced in Canada since 1945 has had direct or indirect CMHC involvement.

History also shows that in a housing crisis, such as the one after World War II, major government leadership is absolutely essential. We have such a crisis today—surely the minister realizes it—and the experience of the past year shows that the private market cannot and will not solve this crisis by itself. The equity principle, which the minister also has been referring to and as espoused by the Minister of Finance, requires government intervention. That is just common sense. How else can we build affordable housing for those in greatest need?

The amendments to the CMHC mortgage insurance scheme, which are the main aspects of Bill C-89, are prime examples of this government's privatization policy. The Conservatives, of course, should be very supportive of this bill, and the last speaker said he did support it very strongly in principle because, of course, this is their policy—privatize it, leave it to the private sector. And, of course, as far as the Tories are concerned, do away with CMHC altogether.

Mr. Cosgrove: Shame, shame!

Mrs. Mitchell: Well, you are doing just as good a job of doing away with it. The minister will be history pretty soon. The history of CMHC in the insurance—

• (1700)

Mr. Cosgrove: Good history, no doubt.

Mrs. Mitchell:—field is indeed a scenario of embarrassment. From assets of \$631 million at the end of 1978, the insurance fund declined to \$314 million in 1980. Just think! It lost about \$300 million which could have gone into sensible housing.

Mr. McDermid: And the stupid AHOP program!

Mrs. Mitchell: You are right, brother. This high rate of insurance claims was a direct result of the Liberal government's ill-conceived AHOP and ARP housing programs, which resulted in mortgage defaults and landed CMHC with many unwanted properties and, of course, landed people without homes as well.

Housing

Bill C-89 is designed to avoid such embarrassments for the government in the future. How neat! Although the minister speaks of more flexibility as his reason for the proposed insurance changes, our research indicates that the impact of these changes will cause insurance costs to go substantially higher. Higher costs of premiums may be added to the higher interest rate charges which are facing home owners every time they must renew their mortgages. This is a trend which is already starting in the United States. The insurance change in the bill, as I understand it, will open this up in Canada.

The mortgage insurance amendments attempt to protect CMHC and private lenders from high-risk mortgage situations. Of course, it protects the corporations, and it protects their friends, the lenders, the banks.

Mr. Cosgrove: And the taxpayer.

Mrs. Mitchell: Not the taxpayers, Sir.

Mr. Cosgrove: Yes, the taxpayers.

Mrs. Mitchell: It protects them from situations which have been created by faulty government policies and programs such as AHOP, and the kind of programs with mortgage deferment types of arrangements, which are likely to continue.

One might be more sympathetic to this legislation if the proposed insurance amendments were to offer some protection for home owners. We would like to see this discussed in committee. Why should the home owners themselves not be protected against the high interest rate policy of this government? Then it might make some sense. However, it just protects, again, the people who are making the profits out of the whole mortgage scheme. As usual, only the banks and the financial institutions are protected from their risk and, of course, their profits are protected. I would like to remind the House that bank profits were up to \$1.7 billion in 1981, which was a 30 per cent increase over profits in 1978. I mention this just in case hon. members have forgotten.

Mr. Cosgrove: Talk about CMHC losses.

Mrs. Mitchell: We also believe the government should require banks to provide a specific proportion of their lending portfolio for long-term mortgages.

Mr. McDermid: How long term?

Mrs. Mitchell: These policies should have been introduced in Bill C-89 and through the Bank Act. Another part of this bill refers to disposition of properties through CMHC. Bill C-89 attempts to relieve CMHC of the burden of acquiring properties. I have mentioned many home owners who received government assistance, some of whom are still in their homes, who simply cannot meet the mortgage interest charges, especially those which have increased as a result of mortgage renewals. As well as mortgage renewals, these home owners face inflated costs in every area of their lives.