

Mortgage Financing Bill

lumber with his truck, earns an average of \$450 a week. Once deducted \$150 in working expenses, he is left with \$300, for a write-off of \$65 must be deducted for machinery. An average of 30 per cent are deducted in direct and indirect taxes from the income of the man who owns a sawmill. The lumber salesman, that is to say he who deals with the contractor, also gets 30 per cent. The estate agent gets 30 per cent on his income. What is left on the property? Why is this house sold at \$20,000? Because money must be paid at all levels: \$3,500, \$4,000 and up to \$5,000 per house in direct and indirect taxes. That is what is pushing up the cost of living indicator now.

Clause 3 of Bill C-135 reads, and I quote:

The purpose of this Act is to enhance the marketability of mortgages issued on residential properties in Canada and improve the effectiveness of the contribution of the private sector to the financing of housing in Canada.

Last week the Bank of Canada boosted the discount rate by $\frac{1}{2}$ per cent. If I were a clever investor, I would not invest my money in a first mortgage at $10\frac{1}{4}$ or $10\frac{1}{2}$ per cent on a property with risks, unless fire insurance were underwritten in my favour and paid to date. I would invest my money with the General Trust of Canada at 9 per cent, and then I would relax. What created this situation? It is the increase in the discount rate on money loaned by chartered banks.

If the building trade follows the trends of the last three years, we will see a slow down if not a complete stop, because a labourer will no longer be able to buy a house. The reason is that he has to pay for those who come before him and who are overburdened with taxes. He must also pay for services provided by the municipalities. With water and sewage facilities costing \$75 a foot, if the width of the land is 100 feet, services alone will cost \$7,500. This means a disbursement of \$62 a month for ten years, or \$750 a year.

Let us look now at the interest rate of municipalities. The province of Quebec says: Those are unwarranted expenditures. It is a game of cat and mouse. The federal government says: We are more open, we are going to give a new impetus to the economy. The province says: In Bramptonville—Windsor—in the riding of Richmond—or in Asbestos, those are unwarranted expenditures. You provided too many services to new neighbourhoods, we are not going along with that. We will give you \$25,000, and then \$300,000 to bury the mains in the streets. Then people say: The taxpayer is going to pay. The taxpayer always pays.

Then, nice measures are passed, such as Bill C-135 now before us. We are opposed to it because it does not solve anything at all. We are against that bill because it helps again those who tinker with dollars and charge interests of 9½, 10 or 12 per cent. I challenge anybody in this House to suggest that a worker in a textile plant in Drummondville, Magog, Valleyfield or elsewhere, who earns an average \$5,800 a year, can pay an interest of 10½ per cent to become a homeowner. Yet, that interest rate received the blessing of this House of Commons.

Now, there is another problem that this bill does not deal with; it is the overloan to contractors who build well-dressed slums. Let me explain: By well-dressed slums

[Mr. Beaudoin.]

I mean 10-, 12-, 15-, or 20-storey buildings, as can be found in Montreal and Toronto.

People ask if there are any lots left in the province of Quebec. Real slums are being built. The house is nice, the brick is nice, it is well built, it is upright, there are no problems, it is well done. However, one thing has been forgotten: Those rat slums—because only rats can live there—have a little balcony or a little porch—to be more specific—of three feet by four. To see the sun, you must go out on the balcony, on the 17th floor. However, you must tell the kids: "Do not make too much noise, because the people on the 7th floor will hear you." It is no use, because those buildings are not soundproof. The people on the 4th floor can hear what their neighbours are saying.

• (2100)

I think that those slums whose building was authorized by CMHC in our larger centres are a national calamity. However, Mr. Speaker, I congratulate CMHC on its lending of money for the building of single-family dwellings and the good sense it shows by requiring the construction of fairly wide streets and proper ventilation for single-family dwellings.

However, I am talking about the slums in Toronto, Winnipeg, Montreal, Quebec City and other larger centres where workers must pay a monthly rent of \$235 to crowd into a 3½ bedroom apartment. These are not dwellings but "camps", slums. It is hopeless, there is no ventilation, no garden, nothing at all, except a small three feet by four balcony.

Why are those houses being built? I know why. Anyone who builds a house now goes to CMHC. If he is the least bit intelligent, he must pay his bills to have the cash discount before 30 days; he makes \$20,000 on 18 apartments before selling them. There is nothing doing. Therefore, he builds them like mad. It is always written on the door of those buildings: For rent 1½, 2½, 3½ or 4½ room apartments. He does not rent them and does not care, because he made his money. Then, this individual sets up three companies. There are three of them in Montreal; I will not name them because I prefer to respect their anonymity, even though I could name them right away. Houses are built; they cannot rent shacks! Their money is made. Nothing stops them; one goes bankrupt, another takes his place, always with the blessing of CMHC.

Where are the responsible contractors. I wonder. Where is the family home which respects the individual? I wonder. Do you know what they do? My contractor, Jean-Denis Breton, from Magog, used to say: Let them build shacks the others will fill them up through advertising. When the tenants will be living in 1½, 2½, 3½ room apartments, we shall advertise at the door: Family home for \$15 or \$20 a month cheaper, a real home. We will empty them, there is no problem. But the individual is not too worried; he made a \$20,000 or \$25,000 profit on the CMHC loan.

At this stage, I would like the minister to listen to me. This is a terrible plague in our cities. It is like a pyramid. Someone is invited to invest and buy 10 acres of land. Who is this individual? Nobody knows. Where is he registered? Nobody knows. That makes my colleagues laugh, but it is true. Where does he come from? Nobody knows, nobody