

subsidy programs, all of which have their place. I like programs which enable people to help themselves and to run their own affairs. I think there are few other matters more important than housing; housing and food are the basic requirements of our people.

The Acting Speaker (Mr. Guilbault): Are there any questions or comments relating to the Hon. Member's remarks? Resuming debate, the Hon. Member for Hamilton Mountain (Mr. Deans).

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I cannot believe the Government would act so foolishly by bringing forward legislation such as this. In the course of the last three years or four years the Government, with the assistance of Governor Bouey and following the lead of the United States, has allowed interest rates to rise to a point where the majority of Canadian families are afraid to purchase homes. As young people look out their apartment windows—and if they are looking out apartment windows in places like Ottawa, they are paying far too much for them—they think of a day when they might have been able to purchase a home of their own. Families always believed that homes were important and that some day they would not only put a down payment on a home, but finally pay it off. They believed that would provide them not only with an investment for the future but with a place within which to live as long as they wanted. The actions of the Government since 1980 have resulted in that becoming much more of an unreality and much less of a reality than it had been previously.

The Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie), in speaking to the Bill this morning, set out chronologically the way in which the Government has pursued its policy going back as far as 1967. I will not go over it verbatim, but starting in 1967 the Government made the first of a number of terrible errors in terms of mortgage interest rates. I know, Mr. Speaker, you are not quite old enough to have actually been involved in it, but I am sure you will remember the day when people could assume mortgages with fixed interest rates over a reasonable length of time. They were reasonably secure that they would be able to pay them off. It was not a fluctuating interest rate; it was a fixed-term mortgage. People paid a certain sum from the date of purchase until it was paid off. Starting in 1967, the Government eroded that system to the point, if we look back only two years, where young families and not so young families were faced with mortgage interest rates of 20 per cent and 21 per cent. I want to make it quite clear that the proposed solution does not address the fundamental problem.

The Bill guarantees that interest rates will rise. It makes it possible for financial institutions to allow interest rates for mortgage purposes to increase year over year, claiming that in fact the burden is not being carried by the families involved, that they could have purchased insurance and, therefore, if they did not, it is their own fault. The Bill requires that interest rates rise by 3.5 per cent from their present position, whatever it may be for individual mortgages of individual

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families all across the country. Interest rates have to rise by 3.5 per cent before any benefit accrues to individual families. In essence, this means that interest rates in the case of one-year mortgages, which are approximately 12 per cent, can rise to 15.5 per cent before a single benefit accrues to the individual paying the mortgage.

In the case of five-year mortgages, with interest rates at 14 per cent, the interest rate can rise to 17.5 per cent or nearly 18 per cent before any family would benefit one iota from the particular plan. In fact, interest rates can fluctuate substantially without a single person being able to take advantage of the program. People must put their money up front, 1.5 per cent of the outstanding mortgage. They may be able to pay it by attaching it to the mortgage, in which event they are paying not only the 1.5 per cent, but the interest on the 1.5 per cent over the amortization period. The facts are clear. Interest rates will not be held to an acceptable level for Canadian families as a result of this piece of legislation.

It is fraudulent to say to people that somehow or other this legislation will solve or go even part way to solving the terrible dilemma which confronted so many of them between the years 1980 and 1984. I cannot help but feel that somehow or other the Government has missed the point.

Who is responsible for interest rates going up? If we are to believe the Government, the fault lies with the United States Treasury Board. If we are to believe the Government, it was the fault of the U.S. administration that people in Canada were forced to abandon their homes as a result of mortgage interest rates rising to a point where they could not afford to make their payments. If that be the case, there is something terribly wrong with the relationship between our financial institutions and U.S. financial institutions. More important, there is something wrong with a government which allows the kind of relationship to develop in Canada *vis-à-vis* the United States that permits something as crucial as mortgages for housing to be determined in another country.

I see the Government House Leader and the Minister responsible for housing present in the Chamber. I put to them that we have to confront interest rates. We do not need fancy schemes. We have to find ways to hold down interest rates for the purpose of assuring that families in Canada will be able to purchase homes of their own at prices they can afford. If we are to encourage the maintenance and further development of what has always been not only the dream of Canadian families but the reality of Canadian families, that is the ability to buy their own homes, we must establish instruments to ensure that people who work in Canada can afford the cost of their homes and their mortgages. This legislation does not do that.

Mortgage interest rates can be set in Canada. Instruments can be found to provide the necessary capital from all investment capital currently made available through all financial institutions, to guarantee a sufficient pool of mortgage money so that Canadians will be able to purchase homes and pay for them.

That was the first commitment we required from the Government. The first commitment was that it would address the