Mr. Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INTEREST ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. MacLaren that Bill C-36, an Act to amend the Interest Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, if I recall correctly, when I left off speaking immediately before lunch I was discussing some of the new wording in what will be the new Section 6 of the Act. It deals with the possibility of fluctuating principal amounts within mortgages. Presumably the principal amount will be re-assessed periodically in light of the inflation that has taken place. This new section also contemplates fluctuating interest rates on mortgages. With the advent of computers and everything else we have today it is not unlikely, and we can foresee such circumstances, that the interest rate on a mortgage may fluctuate on a daily basis. Taking into account today's increase in inflation, the principal may be re-adjusted at the same time.

In the mortgage business, whether it is mortgages for residential houses or for industrial and commercial purposes, surely we should have stability. We are getting further away from the stability which we had until the present Government came into power. Instability in financial matters has characterized the Liberal administration of the last many years. Everything appears to be in a constant state of flux. It is very difficult for one to plan financial affairs when the Government appears to be unconcerned with financial and economic matters.

The preoccupation of the Liberal Government under the current Prime Minister (Mr. Trudeau) has certainly not been with economic and financial affairs. These have been neglected and relegated to the back-burner. The Government, and Parliament as a consequence, has been concerned with philosophical ideas concerning constitutions. We have had great debates on bilingualism. We have engaged in all manner of social engineering, but we have neglected financial stability for the nation. That is one of the reasons we are in the sad and sorry state we are in today.

Today in Question Period the Minister of State for Finance (Mr. MacLaren) stated that there is nothing Canada can do about interest rates in the country. They are all a function of what someone else does in some other part of the world, the United States in particular. I do not buy that idea. I think that Canada is capable of conducting its own affairs and engendering a stable economic climate in the country. Instead of tagging on to someone else with regard to interest rate matters, this would allow us to set the trend, or at least to have that degree of stability which we need in Canada if we are to encourage residential, industrial and commercial borrowing for the purpose of new capital construction in Canada. We should have control over our own state of affairs in the financial field.

I will address another aspect of this Bill. Why do we need legislation of this kind? Why can we not just leave it up to the market and negotiations between borrowers and lenders? The reason is that there is always an unequal balance of power between the lender and the borrower. Anyone who has had experience in negotiating a mortgage, especially in the case of a residential mortgage, knows that you do not engage in real negotiation. You may try to shop around a little to get a better rate. That is about the best you can do. The mortgagors are almost invariably obliged to sign a standard printed document which is drawn up by the mortgagees, almost invariably in their favour. They have the benefit of all kinds of legal counsel. The drafting is done to protect the interests of the lender. Were it not for Parliament and legislation such as the Interest Act, the borrower would have very little to protect him or her.

It is up to Parliament, through legislation such as this, to protect the interests of the borrower and also to provide a fair and equitable system for both the lenders and the borrowers. It is a disappointment that the present Government does not seem to share this sense of equity. It appears to be more concerned with the interests of the financial institutions. We will see this when we discuss the provisions in greater detail. The Government seems to be much more concerned with the interests of the financial institutions and not concerned at all with the interests of the borrowers.

● (1540)

It is desirable, if circumstances change and people have the financial wherewithal, that they be able to discharge a mortgage as soon as possible. Many people would want to do that if interest rates are either high or low. It might make very good financial sense when interest rates are high, but most people, whatever the rate of interest charged on that mortgage may be, would want to be free and clear of it. They would want to obtain their financial freedom.

The House will recall the mortgage burning ceremonies that were popular at one time. This was done once the mortgage had been discharged and people had that burden off their back. It is a common objective and something we should encourage by making provisions to enable people to discharge their mortgage in advance of the original date set in the original mortgage.

In enabling this to be done, and to be fair to the lender, there must be some form of penalty imposed if an early payment is to be made. If the principal is reloaned by the lender at a lower rate than that prevailing at the time of the