

*Interest Act*

**Mr. Keeper:** Thank you, Mr. Speaker. Obviously my colleague on this side of the House is more optimistic than I about what could happen on that side of the House.

• (1630)

Bill C-36 is a significant piece of legislation, not because it accomplishes anything, but because it deals with a very important subject that affects all of our lives. Interest rates are not just something that we read about in the *Globe and Mail*. Interest rates are something which affects us in our daily lives. They affect the amount of disposable income which we have and our capacity for owning a home. Owning a home is something which Canadians have traditionally considered a right. It has been natural for Canadians to assume that they have the right to own a home. However, interest rates have threatened the common assumption which we have shared as a community. This legislation, which will amend the Interest Act, does nothing substantial to protect the right of Canadians to own a home or to protect the right of Canadians to an adequate income.

This debate is crucial. The way in which interest rates have fluctuated over the last several years has made Canadians very insecure. As well, this fluctuation has put a damper on the economy and on investment. Therefore, when the Government comes before the House with a piece of legislation affecting the Interest Act, we would expect it to be substantial and to deal with the meat of the question. We expect it to have a true impact upon interest rates and to restore some sense of security in the minds of Canadians with regard to their capacity to own their own home or to invest in economic activity and to have a job.

I would like to mention specifically the areas which I find questionable in the legislation. Before I deal with that, I would like to mention that at one time in Canada there were long-term mortgages. Long-term mortgages went out in the mid-seventies because the Government introduced a legislation which allowed for the disappearance of long-term mortgages. It would be wise to remind Canadians that long-term mortgages are still available in the United States. Therefore, it is possible to have an economy and a mortgage system in which there are long-term mortgages and an opportunity to provide to people who borrow money in order that they might own a home.

The legislative action of previous governments in Canada has added to the insecurity of people concerning mortgages, interest rates and owning their own home. The reason I mention this and the reason that it is relevant to the discussion today is that the same situation is happening. This piece of legislation deals with interest rates. It will increase insecurity and make it more difficult for people to own their own home, rather than enhance the possibility of Canadians owning their own home.

I would like to draw to the attention of the House some specifics. One of the proposals before us is the notion that people who have a mortgage should have the right to be able to prepay that mortgage at any time. Well, the big "but" that

goes along with this so-called right is the fact that the person would have to pay a penalty, which would include the full interest rates due between the time when the person chose to take the action and the end of the term of the mortgage. It is a nothing proposal. It is a right which has no substance. It is a rhetorical right. It will not help people in terms of coping with interest rates and their insecurity with the fluctuation of interest rates.

It is important to remember that it has been some time since interest rates hit 18 per cent and people were trying to get out of their 18 per cent mortgages and into the 12 per cent mortgage category. Yet today the interest rate market is so unstable that people are once again beginning to worry that interest rates will sky-rocket the way they did a few months ago. I would think that a government which cared would have brought in legislation to answer the concern which people have with regard to the stability of interest rates as they affect their mortgages.

The legislation eliminates the interest rate penalty of three months that a person would be obliged to pay to get out of a high interest rate mortgage and into a mortgage that is at a lower rate. Members on this side of the House have called upon the Government on many occasions to standardize the three-month penalty. We wanted to limit the penalty which people would be obliged to pay if they were to get out of a very high interest rate mortgage and into a mortgage which reflected the market interest rate of the day. Rather than people being forced to continue to pay very high interest rates after interest rates have come down, it is important that the penalty which people are obliged to pay under this system be limited. Therefore, we called for a standardization of the penalty. What did we get from the Government? We got an elimination of the three-month penalty. It is augmenting the insecurity which people face when they borrow money in order to pay for their home. Of course, the Government has a rationale for doing this. It wants to ensure that there is mortgage money available for people to borrow.

It is good to have mortgage money available, but surely there is some place in our economic thinking for the notion of a just return on money or a just interest rate. Surely it is not acceptable to Canadians or to their Government to allow for the market to set interest rates at any level. Surely there comes a point at which governments say, "No, you have gone too far. You are entitled to a fair return on your capital, but you are not entitled to rip off Canadians and you are not entitled to increase the insecurity that people live under in this country."

Rather than helping people deal with interest rates, this Bill in fact increases the insecurity in the lives of ordinary Canadians today. Unfortunately, there are more ways in which this legislation adds to the insecurity of ordinary Canadians. This legislation intends to legalize some very dubious mortgage—

**Mr. Speaker:** Order, please. I believe that there has been a communication. Would the Hon. Member please resume his seat.