maintain that is a reasonable policy. I think it can be done, and it is about time we tackled the banks and financial institutions in this country.

Let us see whether the Conservative party has the guts and the gumption to support the proposal of putting some controls on interest rates on residential mortgages. I suspect they are being sincere, but maybe they are just being political. However, they talk about a system of comprehensive controls for 90 days on salaries, wages and prices in this country. If they are really interested in controls, they should support our argument of allocating funds which the banks have at their disposal, saying to them that every year a certain amount must be made available for housing at 6 per cent interest. At an interest rate of 6 per cent, the ordinary citizens of this country can afford to build houses for themselves and their families. I challenge the Conservatives to do that.

Mr. Woolliams: Would the hon. member permit a question?

Mr. Nystrom: I would be very pleased to answer a question.

Mr. Woolliams: Would the hon. member tell us what percentage of the money of the banks goes into mortgages for homes, and what percentage of mortgages are loaned by other institutions? He has been dealing with banks. My understanding is about 15 per cent of the money which goes into mortgages in Canada comes from the banks.

An hon. Member: Eight per cent.

Mr. Woolliams: It is about 15 per cent, if you take it across the board. If you deal with certain quasi things like unions, credit unions, and so on—

Mr. Deputy Speaker: Order, please. I think the hon. member has gone a little beyond the question and is making an argument or a speech. The question is clear, and I will again recognize the hon. member for Yorkton-Melville (Mr. Nystrom).

Mr. Nystrom: Mr. Speaker, to my knowledge about 8 per cent of the funds from the banks go into residential housing in this country.

Mr. Woolliams: Including credit unions?

Mr. Nystrom: I understand it is higher when you get into other institutions and life insurance companies. I do not know, off the top of my head, whether that is the precise figure, but I maintain it is far too low. We should be saying to the banks that a much higher amount should be allocated. I cannot say offhand whether that should be 15, 16 or 20 per cent. We must determine how much housing is needed in this country, who needs that housing and each year require these institutions to set aside a certain amount of their investment capital for housing. That could be done. I think it is the only solution if we are to put housing into the hands of the ordinary citizens of this country.

The hon. member for Calgary North (Mr. Woolliams) raised the question of banks. If I understood him correctly, he defended the banks in their investment policies. I wish to refer to an article in the September 15 edition of the Toronto *Globe and Mail*. It says that for the first seven months of this year the profits of the chartered banks in this country increased by 31.9 per cent. That is an increase in profits over July 31 of last year of almost 32 per cent. I suggest it is indicative of the interest of the banks in terms of profiteering and making investments. They want to make a quick buck, and they know where the profits are very high.

It is natural that financial institutions such as banks will lend money to people building expensive homes in places like Toronto, Ottawa, Vancouver and other large cities because the housing market is more expensive; they can rake-off a larger profit. Our party contends the time has come to say to the financial institutions that this parliament is supreme and will demand that they provide 6 per cent mortgages to build houses in Canada.

The legislation before us does not guarantee that more funds will go into the housing market. With this type of legislation, the banks might allocate less money for the housing market than at present and channel money presently being put into housing into more profitable enterprises. This bill does not guarantee money will go to those parts of Canada where housing is needed. It is more profitable to lend money in the big cities where houses are more expensive. It is natural that funds will gravitate toward those centres.

We need a lot more than the bill before us today. There must be a fundamental change with regard to housing. Housing is a basic need, just as food, education and medicine and should be treated in that fashion. It should be removed from the commodity market. The financial institutions should not be allowed to profiteer when people cannot obtain shelter for themselves and their families. Housing should be treated in the same manner as schools and hospitals. There is little profiteering on these buildings. Housing is a basic necessity of life and should be made available to Canadians at cost. Banks, financial institutions, land developers, land speculators and other people should not be allowed to rake-off profits.

Unless something is done soon, the situation will become worse in the next few months. We have heard that two of the largest banks in the United States have now raised their prime lending rate to 11 per cent. Usually, the prime interest rate in Canada follows that of the United States. In a few weeks, the prime interest rate in Canada will increase. What will happen to the mortgage rate in this country? The Minister of Finance says he has guarantees that the banks will provide sufficient funds at 10 per cent. However, if the prime interest rate goes up, by the end of the year the mortgage rate in this country will be 11 per cent, if not higher, unless something is done in the very near future. That is why we need foreign exchange controls in this country, or perhaps an interest equalization tax to keep our funds in Canada to develop our country for the people who live here.

It is not only important to get assurance from the banks that mortgages will be held down or rolled back to 6 per cent, but that we get assurance from the banks that their services will not snowball or spiral because they are holding down their interest rates. Banks could, for example, increase their appraisal fees.