

Mortgage Financing

I am going to give an example. In 1965—this is an example that I do not make light of—I bought 1,000 feet of lumber—1,000 feet of board—that were then sold \$80 for 1,000 feet. Add to that the 11 per cent federal sales tax and you pay \$8.80 more, plus the 8 per cent provincial sale tax, that is \$7.10, which comes to a total of \$15.90 in taxes for 1,000 feet of lumber in 1965.

Hardly two weeks ago, I bought some lumber from the same supplier. I paid \$185 for 1,000 feet; this is a considerable increase. Yet, the federal tax on lumber and the provincial tax have not increased; they remained respectively at 11 and 8 per cent. But in addition, I found that in order to buy 1,000 feet of lumber, it is not \$8.80 but \$20.35 that I had to pay for the federal tax of 11 per cent. And the provincial tax amounted to \$16.40, which means that instead of paying \$15.90 for 1,000 feet of lumber bought in 1965, the cost is now \$36.75. That is quite an increase in taxes: they have more than doubled in a few years only. The taxes our governments collect on housing are very costly and increase its cost considerably.

Once again I insist, on behalf of my party and Canadian families, in short, on behalf of all Canadian taxpayers, that the government completely abolish that 11 per cent tax which in fact is a hold-up, a highway robbery where Canadian families are concerned.

Borrowers who want to buy a house get a mortgage for 25, 30 or 35 years; they pay interest at 10 or 10½ per cent. In fact, they will be paying interest for 25, 30 or 35 years on the 11 or 8 per cent tax levied by our governments. This, Mr. Speaker, adds considerably to the housing cost increase.

Today, we know that low income families can benefit from certain advantages, under certain conditions; we also know that when we buy a house of let us say 1,200 square feet for \$14,000 or \$15,000, we do not get the same quality as we would get for a house of the same dimensions but costing \$24,000 or \$25,000. That stands to reason. However, because of his limited ability to pay, a man in the low income bracket must be satisfied with a cheap and not so comfortable house.

A while ago, I was listening to my New Democratic Party colleague's violent attack against profit-seeking lenders whom this bill aims at exempting from income tax payment.

At a given moment, it crossed my mind that, carrying out his philosophy and that of his party to its bitter end, he would suggest setting up a house building corporation to prevent contractors building dwellings within cities and elsewhere from making profits. I suppose that all contractors in the small northern towns of Amos, La Sarre, Rouyn and Val-d'Or as well as those in Montreal, Toronto and Ottawa want indeed to make profits.

And I was surprised to hear the hon. member for Broadview urging the government to establish a Crown corporation to prevent construction companies from making profits.

So, Mr. Speaker, the idea of channeling private capital already available from various sources will, I think, though I am not sure, lead to competitive mortgages. Maybe we should hope for mortgages at a lower rate of interest than the one we have now.

[Mr. Laprise.]

[English]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, members of the New Democratic Party will vote against this bill because we consider it to be simply a vehicle which endangers the system of trying to meet the housing needs of the people of Canada without making the fundamental changes necessary if we are to get control of the financial resources required to provide the housing that the people need.

Before going into the reasons for our opposition to this bill and what I think should be in the bill if it is to meet the needs of the people of Canada, I want to say a few words about the speech made a little while ago by the hon. member for Peel South (Mr. Blenkarn). In the last ten days we have had at least three days of discussion initiated by members of the official opposition to deal with the increased cost of living. We have heard repeatedly inside and outside the House simplistic calls by members of the official opposition for wage and price controls which, supposedly, would stop living costs from increasing rapidly. As my colleague, the hon. member for Broadview (Mr. Gilbert) said a few moments ago, one of the most significant reasons for the increase in the cost of living has to do with the sharp increase in the cost of housing, either owned or rented by citizens of this country. So, to say the least, I was astounded by the tears shed by the hon. member for Peel South on behalf of the poor people who invest their money in the lending institutions of the country, institutions from which most people who want to buy a house must borrow or obtain a mortgage.

● (1650)

In case the hon. member for Peel South thinks I am exaggerating, let me tell him that the figures I am about to put on the record all come from the financial pages of that radical newspaper which appears in his area, the *Globe and Mail*. On September 15, a few days ago, the *Globe and Mail* carried an article summarizing what has happened to the profits of Canadian banks, which are a major source of money in the mortgage field. According to the article, the profits of the Royal Bank of Canada in 1972 rose over profits in 1971 by 13.9 per cent. I shall be referring to the third quarter of each year, Mr. Speaker. In 1973, the bank's profits rose over those of 1972 by 27.8 per cent. The profits of the Canadian Bank of Commerce in 1972 rose by 17.7 per cent over 1971 profits. In 1973, their profits over 1972 increased by 23.1 per cent. The profits of the Bank of Montreal in the third quarter of 1972 increased by 18.3 per cent over that bank's 1971 profits for the same period. In 1973, that bank's profits, over the same period in 1972, increased by 45.4 per cent. The average profit increase for all banks in Canada for the third quarter of 1973, over the third quarter in 1972, was 31.9 per cent.

The banks are not the only institutions from which people who want to buy houses borrow money. If one looks at the *Globe and Mail* for June 29, one will see an article which summarizes what has happened in the first quarter of 1973 as compared with the corresponding period in 1972. One will see that the profits of trust and loan companies increased by 14.2 per cent in that period. One will also see that the profits of real estate companies increased by a small amount, 125.8 per cent. And these are the people about whom the hon. member for Peel South is