

Housing

pass on to its managers information about the mortgage scheme. The Bank of Montreal has refused to do that. That is in sharp contrast to what the Royal Bank does. Not only does the Royal Bank pass on the information but it sets up possibilities for other things to happen. This bank advertises how people in an emergency can cut their interest rates back, and so on. It also suggests how to roll back the 20.5 per cent interest rates that were negotiated last summer. The Commerce has done the same sort of thing. But the Bank of Montreal refuses even to discuss the passing on of information to its managers. It refuses to discuss this whole business of mortgage assistance.

I can cite one case of a citizen who went to this bank, is caught with a 20.5 per cent mortgage, who has a serious health problem and cannot go to another bank because likely he would not be able to get a mortgage since he has financial difficulties. He is one of those persons holding on and waiting for this bill. He cannot last much longer. I think that is the fact with a lot of people. Therefore, I think this bill should be moved along.

I have been critical of high interest rates for at least two to two and a half years.

Miss MacDonald: You will get fired, just as Neil Fraser did.

Mr. McRae: I was very critical of high interest rates when the Conservative Party was in power. I was quite disturbed last week, and I have mentioned this earlier, when my name was being used as one who should vote to get this government out of power so we could put these people in power.

Mr. McDermid: You should be disturbed.

Mr. McRae: The Tory government was the government that had the largest spread that ever existed in real interest rates between Canada and the United States. Real interest rates are the prime rate minus the inflation rate.

An hon. Member: You like yours much better?

• (1720)

Mr. McRae: On October 26, 1979, I asked a question in the House with respect to a five-point spread in interest rates between the U.S. and Canada. That was the highest spread ever. The U.S. inflation rate was higher than ours, yet our interest rates were five points above theirs. That is the kind of government we put into power.

Mr. McDermid: What were the interest rates in those days?

Mr. McRae: Now, I make it quite plain that I want to see interest rates come down, which I think they will. At this stage of the game it is very pleasant for me to stand here and see that we have our prime rate at or slightly below the U.S. prime rate. I hope the government will continue to keep it at that level and that the Americans' will come down, and we will come down also. I would like it to move faster, but that certainly is one of the things we have to do.

I would like to make two suggestions to the Minister of Finance (Mr. MacEachen), the first one having to do with the

banks themselves. In studying the Bank Act in the last ten years it seems to me that we would just get started but never finish because an election, end of a session or something like that occurred. However, in late 1978 or early 1979 the member for York-Simcoe at the time, the hon. member for York-Peel (Mr. Stevens) now, suggested very strongly that it was time we took a look at our banking system and compared it with systems in other major industrialized nations such as the U.S., Japan, Switzerland and so on, to see whether our system was effective.

I thought at the time that made some sense, and I think it makes a great deal more sense right now because during the last six or 12 months I do not think our banking system has functioned well enough with respect to mortgages and those people caught in the mortgage vice which occurs when we have high interest rates. This is not to condemn the banks because I think some of them—and I mentioned the Royal and the Commerce—have functioned very well and have done their best. However, it seems to me that the whole system should be looked at. Let us see if there are not better and more effective ways that our banking system can work.

I have brought to the attention of the Minister of Finance my very strong suggestion that we form an all-party task force, possibly from the Senate as well, and give it a fair period of time to have a good look at other banking systems and see if there are ways in which Canadians can be better protected.

One of the things which has bothered me, and I think it has bothered most members, about our financial institutions—not just the banks, but all financial institutions—is the absence of long-term mortgages. The idea that a mortgage would only run for a year or two, or five years at the most, is most disturbing. It used to always be that when you bought a house, you took a mortgage at a fixed rate for whatever period was required to discharge the mortgage. That is not the case now, of course, but it is the case in the United States. So I think there are a lot of things we can look at, and I suggest very strongly again that a task force of this kind be put together.

This would not in any way duplicate the proposed reference to standing committee with respect to bank profits. That is an entirely separate item which I support strongly. The task force would be totally separate and would look at our banking system and our financial institutions, not in a critical way but rather comparing them with other financial institutions around the world, to see whether there is anything we could introduce which would serve Canadians better than they are presently served.

The final point I would like to make has to do with where I think we have to go with respect to housing and a whole series of things. Over the last several years I have come to the conclusion that the macroeconomic ideas that we put forward, the fiscal and monetary policies that we use, have become less and less effective as time goes on. I would think that even people like Milton Freidman would be very upset if he thought that the economies of the countries where monetarism was being tried were so inflexible that it takes a doubling of