year $50,000 mortgage at the unthinkable rate of 13.75 per cent for three years had monthly payments of about $578. Two years later, with a 10.5 per cent rate, his monthly payments will have gone down to $464, which represents a saving of about $1,400 a year. Stable and reasonable interest rates, which we now have, are still the best possible guarantee of sufficient residential funding.

To promote this long term stability, our Government recently announced a mortgage-backed securities program to provide a new investment pool for housing. Because of the punctual payments guaranteed by the Canada Mortgage and Housing Corporation and the fact that this instrument is about as safe as Government bonds, it will be an attractive instrument of investment for both institutions and individuals. In the case of homebuyers, the program will tend to stabilize mortgage rates and to maintain them at a reasonable level, thanks to a sensible monetary policy such as we have now, and this will bring longer term mortgages back to the housing market. In fact, ten-year mortgages are now becoming available on the Canadian market.

Thus, Mr. Speaker, the desirable objective of funding housing has already been met and the required funds will remain easily accessible in the forseeable future. There is no need to use the Canada Pension Plan or to create a national mortgage corporation for which consumers would eventually pay dearly. Of course, such an organization already exists, but only on paper, and I am talking about the Federal Mortgage Exchange Corporation.

[*English*]

As the Hon. Member is no doubt aware, that corporation was authorized by Parliament 13 years ago under the Residential Mortgage Financing Act. The desire to stimulate the flow of mortgage funds was similar to the intent of the proposal in Motion M-40. The Government of the time decided not to implement the section of the legislation dealing with the Federal Mortgage Exchange Corporation because it was unnecessary at that time, as it is today. Succeeding Governments reached the same conclusion, even when mortgages were much more difficult to negotiate than they are now. Today such a special mechanism as a mortgage corporation is not only unnecessary but expensive to home buyers, wasteful and possibly damaging to the growing sense of partnership between the Government, the private sector and the provinces.

• (1620)

[*Translation*]

If mortgage funds became scarce, a situation which is very unlikely to occur in the current climate of confidence among Canadian consumers and investors, and if the housing industry did not fare well, the Government would then have to consider the best way to rectify the situation.

For the time being, at least, I cannot envision the Government of Canada using funds from the Canada Pension Plan. This money is used to finance a good many worthy projects, including financing Government capital cost for which no funds might otherwise be available from the private sector. Even if the provinces showed interest in considering a new agreement, something to which we are always open, we could hardly justify the diversion of Canada Pension Plan funds from its current worthy projects to the benefit of housing when the private sector can have access to all the funds for housing it may need now and in the future, thanks to the climate favorable to investment which exists at last in Canada. I hope that no Government will try to bureaucratize an area which is the exclusive domain of the private sector, for it is an activity for which it is particularly well suited and in which it presently obtains, thanks in part to some encouragement from our Government, unqualified success.

In short, Mr. Speaker, it is well understood that the funds now available are used for other purposes than those of the private sector. Having favoured the development of the economy for over two years now, we will certainly not return to these sad times when the government interfered in the economy and created Crown corporations which cost a lot of money to the Canadian people, created a huge bureaucracy and resulted in a lack of competition which discouraged investors. Now that there is a climate of investment and confidence among Canadians, we do not see the need to establish such a corporation.

Mr. Don Boudria (Glengarry—Prescott—Russell): First of all, Mr. Speaker, I should like to emphasize the fact that we are not dealing this afternoon with the kind of work which the Government is supposed to have done to reduce interest rates. That is not the subject of the debate today.

[*English*]

We are not here to make long-winded speeches about how good the Tories are. If that were the case, we could adjourn the debate now because there is not much to say on that topic. The only thing which is at the same level as the prime lending rate right now is the popularity of the Government. The debate today is on another topic.

The issues before us this afternoon are, first, whether we want the National Mortgage Corporation proposed by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) and, second, whether we want it financed by premiums of the Canada Pension Plan. I would like to address mainly the second component. We can discuss whether we want a National Mortgage Corporation on another occasion. However, I have some difficulty with the concept of financing anything else from the Canada Pension Plan.

The Canada Pension Plan is in place in nine of the ten Canadian provinces. The Province of Quebec has its own pension plan which is well run, well managed, and properly invested by and large. However, when the Canada Pension Plan was established as a joint federal-provincial venture for the rest of the country, it was decided that the provinces could borrow funds from the plan for slightly less than the going rate. It was also agreed at that time that any changes to the