there are not enough good investment opportunities in Canada for private pension plans. It seems to me that the kinds of blue chip investments provincial bonds represent could be very useful to various financial concerns that manage and hold private pension contributions. To force the provincial Governments to turn to private financial markets in order to finance activities in the provinces could in fact improve things for private pension plans.

● (1610)

On the other hand, if moneys which they presently draw from the Canada Pension Plan investment fund were to be made available to the mortgage corporation, we could achieve something quite desirable for the present Government. We could see these public investments actually made through the mortgage corporation to individual Canadians and groups of Canadians. I would expect that the National Mortgage Corporation would be sensitive to social and co-operative housing needs as well as the desire of individual Canadians to take up mortgages and buy homes. I would like to be explicit in recognizing those possibilities.

One could make the argument that to have the federal Government, through the Canada Pension Plan investment fund or the National Mortgage Corporation, dealing with individual Canadians would be to put them into a part of the financial market in a relatively open way. Capital would be made available and invested in what must surely be the soundest security this country holds. What could be better than mortgages of Canadians from coast to coast who have been regarded as capable of meeting interest and principal payments and are consequently allowed to acquire securities? What could be a sounder investment than that?

On the other hand, Canadians would take out these mortgages with the assurance of having funds available at rates maintained by the Government. It should be possible to arrange the kind of long-term mortgages we used to have within the Canada Pension Plan without having those Canadians who are concerned about the pensions they expect to receive from the Canada Pension Plan being in any way hurt. In fact, these mortgages would be soundly based and there would be two new and different relationships established in two different aspects of the consequences of this proposal. I put this proposal to the House and look forward to the warm response of my colleagues on both sides.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I would like to comment on the motion put forward by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp), who raises the possibility of establishing jointly with the provinces a national mortgage corporation funded by the contributions to the Canada Pension Plan.

I must thank him for his preamble, first for having applauded the results of our monetary policy that led to such low interest rates, and, second, for having realized this new Government is indeed capable, along with the provinces, of establishing joint programs because the confrontation era has ended, and the era of national reconciliation is upon us. So I must commend him for his remarks in his preamble.

[*English*]

I can entirely sympathize with the Hon. Member's evident desire to ensure that adequate mortgage funds are available to prospective home owners. One cannot ignore the existence of the very large sums of money belonging to Canada Pension Plan funds. There are two elements to the question: the means of providing mortgage money, and the need for such funds. The Minister of National Health and Welfare (Mr. Epp) has explained the problems in using Canada Pension Plan funds, the administration of which is the subject of a long-standing and successful federal-provincial agreement. I would like to turn from the means of providing mortgage funds to their effective need.

[*Translation*]

In 1986, the number of housing starts reached 200,000 units, the highest production in eight years. This is another result of our monetary success policy. Simultaneously, we have just experienced a general economic growth, and two years have been outstanding in the housing industry. As we say in Quebec and in French, generally: *Quand le bâtiment va, tout va.*

Last year, mortgage loans reached a record high, with total residential loans approximating $30 billion, as against $20 billion the previous year. There were mortgage funds to cover all applications, despite exceptional growth in the housing sector—by that I mean mortgage funds available on the market.

Forecasters appear to agree that housing demand will stabilize within a year or two.

In this period of high demand for mortgage funds, there has been no shortage of funds. Besides, we could see the effects because interest rates kept going down at the same rate as the other bank interest rates. The supply probably will go on increasing within the very near future, and there is no indication that we should use funds from the Canadian Pension Plan, even if that were possible.

The current situation is in tremendous contrast with that of 3 or 4 years ago, where there were interest rate increases and instability—the possibility was not assured of obtaining mortgage loans, or at what costs. It was mainly and essentially because this Government has succeeded in bringing interest rates down that housing funds have become easier to get. Not only was money expensive during that unlamented period, but it was more difficult to borrow from the usual financial institutions. Long term mortgages which allowed homeowners to plan their budget for years to come have unfortunately virtually disappeared. However, lower interest rates have brought net benefits to the homeowner. For instance, the borrower who took out, in September 1984, which date will be remembered as the date when our economy was freed, a 25-