

Department of Insurance Act

large office buildings; they only require part of them, and the rest is an investment in order to lower the cost of their own premises. I think this is perfectly all right. But what concerns me is the possibility that by owning and controlling real estate companies, life insurance companies and trust companies will be able to get into the really promotional field in real estate development. If there is anything that is creating an inflationary pressure in Canada and in the United States, it is this particular process of real estate promotion whereby an individual can get into a proposition with only his shirt, obtaining mortgage upon mortgage and deal upon deal at very high costs.

Perhaps we should look at some of the real estate promotion deals which have been very speculative and have turned sour. I am not going to mention any names, but we are all aware of a very large operator in Canada who had to liquidate rather quickly, and at great loss, some of his more grandiose real estate development schemes because of this increase in pressure and need for money.

A great deal of pressure would be put on trust and life insurance companies, to the detriment of the policyholders of those companies, as a result of some form of financial recession, and a great many of these real estate schemes would then begin to go sour. This is an area of our economy which must be watched very carefully. I am hopeful that during the committee hearing stage we will have the benefit of full and frank explanation by appropriate officials, including the superintendent of insurance and others who may be able to advise the members of the house in this regard.

I am pleased to note that there is an increase in the ceiling on mortgages to 75 per cent of the appraised value of properties. I think such an increase has been due for some time. This certainly will do away with that sort of fringe or second mortgage business by which the purchaser of an older home, who is not able to purchase it under the Central Mortgage and Housing Corporation provisions, must borrow \$5,000 or \$6,000 in order to obtain \$3,000. This second mortgage field at this time is rather nauseous and, in my opinion, requires a great deal more control by parliament at an early date.

Mr. Speaker, I could say a good deal more in this regard, but in conclusion I should like to make reference to the news we received today about a loan company owned by foreign interests which has made what is considered to be the first move to link

[Mr. Lambert.]

up with a mutual fund distributor—a mutual fund distributor being a Canadian company. Perhaps at the present time this type of operation is being undertaken in order to wiggle past the provisions of this amendment. In any event I think we should have a great deal more in the way of explanation before we can really give our approval to this measure. I might suggest to the minister that we should have a clear indication of other proposed amendments, because I am a little worried about the procedural problem with which we will be faced if we do step outside the principles of the bill as enunciated.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should like to make a few remarks, and because of the pressure of time I will be as brief as possible. One of the remarks made by my colleague who has just resumed his seat, concerning the increase of the mortgage loan percentage to 75 per cent, represents one aspect of this measure with which I cannot agree. I shall deal further with that subject in a moment.

This bill leaves us wondering just what the Liberal party policy is on foreign investment. We have heard very diverse views expressed. The minister on previous occasions at any rate, and to some extent in respect of this measure, has attempted to choke off foreign investment as fast as possible by increasing taxes, or attempting to do so, and by imposing restrictions.

The Prime Minister (Mr. Pearson) and other members of the Liberal party have advocated a free exchange with the United States, particularly in respect of the passage of funds. The pre-election promises of 1962 and 1963 were that anti-Americanism, as it then was defined, would come to an end. We wonder exactly what the Liberal policy is.

The bill we have before us represents a compromise, at least within the Liberal party, of the two extreme views. I can recall the anguished cries that were raised when the former Conservative government brought in the comparatively innocuous bill on corporation and labour union returns. That was not a restrictive bill but a bill which became law, intending to give the government more information in respect of foreign corporations carrying on business in Canada. The hon. member for Hull (Mr. Caron) on April 2, 1962, as reported at page 2402 of *Hansard* said this:

We need foreign capital. In order that we can develop a country as big as Canada, we need that foreign capital. If we need it, we should not discourage it before we start.