

social programs the government intends to implement such as the Neighbourhood Improvement Program, the Residential Rehabilitation Program, the New Communities Program and the Assisted Home Ownership Program. What he said was that the spread between the rate at which the money is borrowed by CMHC from the Department of Finance and that at which it is lent by CMHC to these different programs should be no greater than one half of 1 per cent. For that reason I say it is quite laudable. However, I think I should remind members of the House that this does not prohibit CMHC from charging a spread of between 2 per cent and 2½ per cent on the rate at which it borrows from the Department of Finance and what it charges to some of the borrowers, and more especially the direct lenders who borrow from CMHC.

I think I should also remind members of the House that CMHC has shown a substantial profit for the past few years in respect of its operations. It has been pointed out by the hon. member for Oshawa-Whitby (Mr. Broadbent) that any administrative costs that will be incurred by CMHC will be paid out of government moneys. I would point out that on page 11 of Bill C-133, in clause 27.6(1)(b) it is stated that the minister, out of moneys from time to time appropriated by parliament for the purpose, shall reimburse the corporation for losses sustained by it in respect of loans made under section 27.5, and shall pay to the corporation the costs and expenses of the corporation incurred in the administration of this part. This is the reason the hon. member for Oshawa-Whitby and members of the New Democratic Party were insistent that there should be no spread between the interest rate that CMHC must pay to the Department of Finance and the rate it could charge for the different social programs it has instituted.

The hon. member for Peel South (Mr. Blenkarn) has said that some of the trust companies he knows administer moneys at a spread of three-eighths of 1 per cent. If I remember correctly, I asked the president of CMHC what it costs CMHC to administer loans. I am relying on my memory of what he said in committee, but it seems to me he said it was one-eighth of 1 per cent. When we get into the committee we will attempt to get from the president of CMHC and the minister the actual cost of administering loans. I notice that the minister is cogitating on what I am saying. However, I am sure the president of CMHC said it was one-eighth of 1 per cent.

One of the three main elements of the high cost of housing in Canada is the interest rate. When one thinks of the banks, which pay depositors 4 per cent and 4½ per cent and then lend money at 9½ per cent, we can appreciate the substantial differential in respect of what they pay the depositors and what they charge the mortgage borrower. CMHC has been just as guilty, in many instances, in respect of direct loans in areas where borrowers cannot otherwise borrow money.

If the hon. member for Calgary North were really to tackle this problem he would bring in an amendment which would provide that all mortgages in Canada should bear an interest rate of not higher than, say, 6 per cent, or we could even go so far as to say no higher than the prime lending rate of the banks. This is what we should really be doing, because the hon. member for Calgary North knows

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that much of the money loaned out by the banks and by the lending institutions carries a rate of interest of 9 per cent or 9½ per cent and, possibly, in the near future 10 per cent. The hon. member is concerned about how this reflects on the high cost of housing for Canadians, but his amendment really affects only some of the social programs which the government operates; it does not affect about 95 per cent of the mortgage lending which prevails in Canada. The average borrower pays a rate of interest of 9½ per cent for loans from the banks, while the people who put their money on deposit receive 4½ per cent. If that is not usury, I do not know what is.

Mr. Woolliams: I rise on a question of privilege, Mr. Speaker. I am sure my friend, the hon. member for Broadview (Mr. Gilbert), would not want to leave the wrong impression. I know he is not suggesting for a moment that I could move an amendment to the Bank Act or to the Interest Act. I hope he is not leaving the impression that I have picked out just a very small section of the problem. I am sure that is not the impression he intended to leave, and I hope he will correct it if he did leave that impression.

Mr. Deputy Speaker: Order. That is a point of debate rather than a question of privilege.

Mr. Gilbert: Mr. Speaker, I am sure the hon. member for Calgary North will agree that the substance of his amendment will affect only a few people in Canada because it affects only the social programs set up by CMHC such as NIP, RRAP, AHOP and the New Communities Program. It really does not strike at the main problem of high interest rates in Canada.

I have said that where the banks pay their depositors 4 per cent and 4½ per cent and are charging mortgage borrowers 9 per cent and 9½ per cent, the spread is too great. I would hope the hon. member for Calgary North would join with us at some time to really tackle this problem in a very effective and direct way. The way to do it is by amending the Interest Act, making it mandatory that any interest rates affecting mortgages in Canada will not be higher than, say, 6 per cent or the prime lending rate the banks give to preferred customers. As I said at the beginning, the amendments set forth by the hon. member for Calgary North are laudable because he is attempting to solve this problem. It is quite a serious problem, because even one half of 1 per cent in respect of a \$25,000 mortgage amounts to \$125 a year.

Mr. Woolliams: Do not misquote the amendment. It says that it cannot be greater than one half of 1 per cent. It does not have to be one half of 1 per cent.

Mr. Gilbert: No, but it probably will be. On that basis, one half of 1 per cent on a \$25,000 mortgage amounts to \$125. The member is attempting to help people on low incomes, but \$125 a year amounts to at least one week's wages of a borrower. By reason of the amendments of the hon. member for Calgary North, which appear to be acceptable to the minister, people in the low-income bracket will be paying a minimum of \$125 just for administrative costs. That amounts to at least one week's work, which is quite a striking amount.