

Mortgage Financing Bill

office buildings for Canadian corporations, with fancier offices, wall-to-wall carpeting, air-conditioning and all the rest, and then charge 50 per cent of the cost to the taxpayer through corporation taxes. There are billions of dollars for more filling stations, for more supermarkets. But that is not enough, Mr. Speaker. Not only will this bill give the mortgage companies protection against losses which they might incur in the building of houses which are so badly needed, but it will give them protection against the most speculative investment they might make in office buildings or other buildings. There are probably too many of these as it is.

We were told earlier by the hon. member for Peel South that we really do not understand this bill; in fact, we were told that we do not understand anything about the building of houses. If he had thought about it, I am sure he would have said that we do not understand anything about business. When the hon. member for Broadview said this party proposed that the mortgage rate be set at 6 per cent, the hon. member asked: Why not 4 per cent or 2 per cent? Although he did not say so, he probably thought: Why not no interest at all? Mr. Speaker, when we talk of an interest rate of 6 per cent on homes, we cannot be that wrong; we cannot be that wild-eyed, that impractical.

Let me put on the record excerpts from an editorial which appeared in the Toronto *Globe and Mail* last Friday, September 14, 1973. This was the main editorial, headed "Bullied by the bank rate". For the information of the hon. member for Peel South—he is not here, but perhaps he will look at *Hansard*—I shall read several paragraphs of it. Here, to my surprise, and I am sure to the amazement of the hon. member, is what the editorial says:

There is absolutely no reason why mortgage lending rates should be forced upward. They do not have the same relationship to international markets as do, for instance, bond rates, and they can be maintained at lower levels in Canada without in the least jeopardizing the security of the Canadian dollar.

Repeatedly in the past we have urged that the federal government impose a ceiling on mortgage rates and, at the same time, require lending institutions to set aside a certain proportion of their funds for mortgages. It can be done; in fact, it is being done successfully in the United States.

Later in the same article we find these words:

The most brutal aspect of rising mortgage rates is that what appear to be small increases add substantially to the financing of a home. As the Ontario housing task force under Eli Comay showed, an increase from 7 per cent to 10 per cent in mortgage interest adds at least 20 per cent to monthly home ownership costs. Putting it another way, a \$35,000 house with a 40-year, \$25,000 mortgage, would cost a total of \$75,000 at 6 per cent interest but \$110,000 at 10 per cent interest—a difference of \$35,000.

I commend that part of the editorial to the hon. member for Peel South who was worried about the people who are without housing. The article continues:

Until mortgage rates and mortgage funds are secured at a level that ordinary people can afford, Canadian families will continue to be abused unnecessarily.

Mr. Speaker, that is precisely what we have been saying for a considerable time. It is precisely what our members have been saying in the discussion on this particular bill. We have said and will continue to say that the interest rate on homes, particularly the interest rate on mortgages for moderately priced homes, should be fixed at 6 per cent. We do not say that the rate should necessarily be subsidi-

[Mr. Orlikow.]

dized by the government, although I would consider that to be worthwhile. What we have been saying and will continue to say is that there is nothing wrong with the Government of Canada telling the banks, the mortgage and trust companies and other financial institutions that a certain percentage of the money available for investment must be directed to building homes at a legitimate interest rate. We have said such a rate is 6 per cent.

Today somebody asked if this would not mean that the banks and financial institutions would make less money and, in order to make what they consider to be an acceptable rate of return on their investment, they would have to raise their interest rates on other forms of loans. I am not sure that it would, but let us explore the possibility. I suggest it would be good social policy if we were to encourage home ownership by keeping the interest rate on homes at 6 per cent, even if that meant saying to those Canadians who want to buy cars that they may have to pay a little more on the money borrowed to buy the car or they may have to wait another year before buying it. I say that knowing that the hon. member for Oshawa-Whitby (Mr. Broadbent) represents a constituency in which live a large number of auto workers. I say that governments have the responsibility of choosing, and that is a choice that I personally would like to see made if it is necessary.

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We object to the way in which this bill will provide a tax rip-off and will enhance the attractiveness of mortgages as investments for financial institutions. I have already put on record certain facts. Profit figures prove conclusively that this kind of inducement is not necessary in 1973; nor, in all likelihood, will it be necessary in the next five or ten years. We do not need to help financial institutions which are already making substantial profits and do not need this kind of assistance.

We have said if this bill is to be passed, it ought to be amended so it will benefit only those financial institutions which lend money for residential building. We see absolutely no excuse for the government's offering any kind of subsidy, any further guarantee to investment companies and the like which build commercial properties, office buildings, supermarkets or things like that. I come from a have-not province. The capital, which contains several constituencies one of which I represent, contains more than half the population of the province. Mr. Speaker, the housing situation in Winnipeg is bad. I invite the Minister of State for Urban Affairs (Mr. Basford) or the Minister of Indian Affairs and Northern Development (Mr. Chrétien) to visit Winnipeg.

Mr. Basford: I was born and brought up there.

Mr. Orlikow: I would be more than happy to take them around Winnipeg. In my constituency, and this applies even more to the constituency represented by the hon. member for Winnipeg North Centre (Mr. Knowles), I can show them the sort of housing accommodation which is available to part of the rapidly increasing population of Winnipeg. The housing for the Indian and native peoples of Winnipeg, Regina, Calgary, Kenora or any other of our western cities is a disgrace to this country. I say that it is