I recall not too many months ago rising in this House time and time again to ask questions of the Minister of Consumer and Corporate Affairs, the Minister responsible for housing, who is in the House today, and the Minister of Finance about mortgage rates. I especially recall the 1981-82 period when mortgage rates were rising very rapidly and the subsequent actions of some of the trust companies. I was concerned that some of the trust companies—in fact, the larger ones were the major culprits—seemed to be able to circumvent the laws of the country and get away with it. I was concerned about the 750,000 Canadians who were trapped into high interest rate mortgages.

I heard various Ministers tell us to wait. They would bring in some relief. Legislation would be brought in to sort out the problem. That is what I was looking for. I remember the Minister of Consumer and Corporate Affairs telling the House that if we would be patient, legislation would be forthcoming. The Minister responsible for housing expressed similar views. He was concerned, and I appreciate that. The Minister of Finance stated that the rates were high enough and that he would speak to the banks and the trust companies to see what he could do about getting them down. Well, we know that in that 1981-82 period interest rates rose to 21.4 per cent. I think that is the highest official record which we have. There may have been a few rates which were higher than that, but the listing which the Bank of Canada provides indicates that 21.4 per cent was the maximum rate. There were, however, interest rates at 20 per cent, 19 per cent, 18 per cent, 17 per cent and so forth.

Thousands of letters came to my office. I was amazed as I had never experienced it as a Member. Obviously, my questions on interest rates had hit a responsive chord across the country. I received letters from every province in Canada. People told me about their mortgage problems and asked whether we could not do something about them. They indicated that they were trapped into high mortgage rates. The rates were dropping, but they could not renegotiate their mortgages. They were also concerned about the interest differential penalty which they would have to pay in order to renegotiate their mortgage.

I began to think back about what had been done in the House during that period. I recall that in late 1974 and early 1975 legislation was before the House which was passed by House and by the Senate. However, I do not believe it was ever put into operation. That legislation would have established mortgage investment corporations and a mortgage bank.

Mr. Ellis: That is right.

Mr. Kempling: As my colleague said, "That is right". He remembers this, as we all do.

At that time pension funds were in financial jeopardy because the yield on the securities in which they traditionally invested was dropping. The idea was that we would put together mortgage investment corporations. Those corporations would invest in residential mortgages and would sell the mortgage portfolios to pension funds. If the pension fund wanted to cash in that portfolio and put the money into something else, it would come to Ottawa and go to the mortgage bank where it would negotiate. The mortgage portfolio then would be turned into the mortgage bank in Ottawa, the pension fund would get the money and go on with whatever other investment it had in mind. That mortgage portfolio would then be recirculated through the mortgage investment corporations and placed with another pension fund or another institution. That was the theory. It was not original. It had been done in the United States for years. The Bill was one of the best drafted pieces of legislation which I have seen. Witnesses from the United States, who had similar legislation, looked at our legislation. Those witnesses liked some of our features and informed us that they would amend their legislation to make it equal to ours. It was that good in their minds.

We waited with a good deal of anticipation to see the results. It passed the House and it passed the Senate. We rose regularly and asked the then Minister of Finance, who happened to be John Turner, when the legislation would go forward. His reply was that the Government could not find a suitable person to head the mortgage bank. I do not want to be political, but even in those days I am sure that there were a few defeated Liberals around who could have been put in charge of a federal mortgage bank. Mr. Turner used that excuse for a number of months. Then, as we all know and as history has recorded, he departed the hallowed halls of the House of Commons and went to other climes. Then we asked his successor, Donald Macdonald, who now heads a royal commission, what was happening to the legislation.

• (1630)

He waffled on it several times but finally he said, "Well, we have discussed this matter with the financial institutions and they have convinced us that this sort of legislation is not required". Can you imagine that, Mr. Speaker? A Bill was passed by the House of Commons, it went through debate and into committee, back into debate, then to the Senate, was passed by the Senate, and was all set to go, then the financial institutions told the then Minister of Finance it was not necessary, and the whole thing was dropped. The tragedy is that that Bill had in it a "truth in lending" section which I thought might have been in Bill C-37 and in the subsequent parallel Bill on amendments to the Interest Act. That legislation had it all there and I wonder now if we had just gone ahead with it, whether we would be in the mess we are in today.

I took some interest in that Bill. I recall going to the Library of Parliament and it was not even on the computer. I have one of the few copies of the Bill, I am sure. In fact, I drafted a Private Members' Bill of my own by lifting sections out of that Bill because it was such a good piece of legislation. If we had only gone ahead with it, we would not need this legislation today.

I believe the difficulties that many mortgagees faced in 1981-1982 would not have had to be faced. We would not have had this terrible argument about interest differential charges