*National Housing Act*

at the Government and say that it cannot be serious if this is its idea of providing Canadians with high interest rate relief. The Government is not prepared to pay a penny itself. It asks Canadian home owners to carry the total burden. Today the Minister of Finance indicated that the Government's intention was not to provide a cent, that it was a break-even plan and that it was a regular insurance program for which people obtaining insurance will pay. Considering that the Government created the situation in part, we feel it is turning its back on its responsibility for encouraging home ownership and assisting Canadians to pay their mortgages.

In a sense it almost rationalizes further interest rates. Then the Government will be able to say that it cannot do anything about high interest rates and that home owners should not be concerned because they can take out insurance if they so wish. I do not think that is a reasonable approach to this matter. We in the New Democratic Party are concerned about the fact that there are other options to pursue. For example, the Government should have the courage and political will to deal with high interest rates. After all, high interest rates in Canada are the problem. We have heard Liberal leadership candidates—and I do not have to name them because the media has done that well—saying that something has to be done about high interest rates. As a matter of fact, one even said that Governor Bouey of the Bank of Canada should be fired because of the advice he has given the Minister of Finance and the Government of Canada.

**Mr. Gamble:** That was a joke, remember?

**Mr. Riis:** It certainly is a joke. The whole approach is a joke. Leading Cabinet Ministers, one after another, agree that action should be taken on high interest rates. We have seen what other countries do when it comes to dealing with interest rates. If we are to provide affordable mortgages for Canadians, we could categorize the group of Canadians we would like to assist, such as Canadians with family incomes below a certain amount. They should be able to obtain funding for mortgages at a set rate from financial institutions. In other words, we should say to the banks of Canada that they have to set aside a certain portion of their loan portfolios to assist home owners and set mortgage rates at 8 per cent or 10 per cent over a prolonged period of time. That is a requirement of the Bank Act. We could ask other financial institutions to follow suit, to make it a fair system. Other countries do that. They have done it for years and years because they realize that home ownership is important and that affordable housing is important. Whether it is rental or home ownership, it is important that people have affordable housing. They take steps to enable their citizens to obtain it. We are not talking about pie in the sky ideas or magical solutions. We simply say to the Government that it should introduce policies that other countries have proven work very effectively. We want the Government to deal with interest rates or, if not, to bring in a special provision.

● (1620)

Not long ago there was a special provision for small businesses and farmers. It was called the Small Business Development Bond through which money could be borrowed at half prime plus 1 per cent. It cost some money to enable the small business sector to avail itself of money at half prime plus 1 per cent. If it can be done for that particular sector, surely it can be done for others.

Imagine what this could do for the economy of the country. While it may cost the Government a few hundred million dollars in lost revenue, think of what the federal coffers could gain from the increased housing construction that would go on across the country in every community. We would see construction in rural areas as well if people could afford new homes or add to existing homes. It would result in cash circulating within our country and increased sales tax, personal taxes and corporate taxes. It would assist the construction and manufacturing industries. Most importantly, it would allow Canadians to obtain affordable housing of one kind or another.

We look forward to Bill C-37 going to committee. Since we are only discussing the principle of the Bill at this stage, we will be attempting to fine tune the Bill and to suggest a number of alternatives.

Let me comment on the mortgage-backed securities portion of this Bill. I commend the Government for taking some steps to increase the availability of mortgages beyond five years, but this means that Canadians will once again be locked into interest rates at perhaps 14 per cent to 15 per cent. If interest rates drop they will be told that they can get out of that agreement, but they will have to pay the entire cost of interest to which they agreed. I distinctly remember numerous occasions in the House when the Minister responsible for CMHC and the Minister of Finance said that a 3 per cent penalty clause ought to be adequate. As a matter of fact, the Minister of Finance was surprised that financial institutions were charging more than 3 per cent. We now have legislation that does away with that 3 per cent option once again. We will debate that loudly and push strongly for that option when this Bill gets to committee.

In conclusion, this Bill is not an answer to the high mortgage costs that Canadians are facing today. It is worse than a sham because it gives Canadians the impression that the Government is taking action when all it is doing is telling them that if Canadians want very second-rate insurance coverage to protect them from higher interest rates, this is the vehicle. That is not what the people of Canada deserve and not what the people of Canada should be getting from the Government.

**The Acting Speaker (Mr. Herbert):** There follows a ten-minute period for questions and comments.

**Mr. Miller:** Mr. Speaker, I am not certain that I will have an opportunity to speak at this stage of the debate so I want to ask the Hon. Member to comment on what I feel is a flaw in this legislation. That is, the effect it will have, if passed, on the