

When we look at the record of the banks, as reported in such journals as the *Financial Post* and the *Financial Times*, we see that they have not been as restrained as ordinary people, who would have been lucky in recent years if they could just have kept up with the increased cost of living. The people have been lectured in recent months because some of them have been getting wage increases of about 10 per cent or 11 per cent.

Let us look at the banks, Mr. Speaker, and we will see that Canada's five major chartered banks in the years 1974 to 1978 increased their profits from \$404 million in 1974 to \$904 million in 1978—a whopping increase of 123 per cent. Those increases have not moderated. Indeed, they have accelerated.

In the November 26 edition of *The Globe and Mail* last year it showed the change for the banks of this country in terms of their balance of payments, that their assets increased by 24.8 per cent in the period from 1978 to 1979. In another table on October 23 of this year it was shown that their assets had increased by 19.2 per cent from October of last year to October of this year. So we have an increase in the assets of the banks of Canada of 41 per cent in two years. There is not a skilled worker in this country who has the most needed of jobs who would not have been happy to settle for an increase of 41 per cent over the last two years. The governor of the Bank of Canada, or the government has not seen fit to say much about that, Mr. Speaker.

● (1410)

It is not bad enough that the banks made that kind of profit. When we look at the profits for the years 1974 to 1978, we see that for the three-month period ending January 31, 1979, the big five chartered banks reported total operating profits of \$338 million but paid taxes of \$68 million, or an effective rate of about 20 per cent, compared to the 30 per cent for manufacturing and the 35 per cent for service firms.

If that were not bad enough we now find that the banks are taxed on their operations, because of loopholes in the tax system set up by the Liberal governments of the past and not yet plugged, of an effective rate of something like 10 per cent.

What we need is more regulation of the banks, Mr. Speaker, not less. I speak about the banks because I am concerned about the kind of amendment moved by the hon. member for Edmonton West. He is not concerned about the profits that banks have made and the tremendous influence they have in this country with their over \$200 million in assets, nor about the interlocking directorates that bank directors have with the boards of directors of most of the major corporations in this country. We have not heard a word on these matters from the hon. member for Edmonton West.

We are also concerned about the fact that the housing industry is suffering. It is in probably the worst slump that has existed since the end of World War II. Fewer houses will be built this year than in any of the last 20 years, and next year things will be even worse. That is not surprising, of course, with mortgage interest rates running at 14 per cent and more.

I have some personal knowledge of this, Mr. Speaker, because it was my unfortunate necessity to refinance the

mortgage on my home at a rate of 14.5 per cent or 14.75 per cent. That means that by the time I finish paying off the mortgage—which is relatively small compared to that required for new housing—I will probably have paid 2.5 or three times the face value of the mortgage. I can afford all this better than most people in the country, I must say.

Why do I speak about banks and their profits in connection with an amendment relating to housing, Mr. Speaker? It is not because this party believes that the banks should do less to provide mortgage money—as the hon. member for Edmonton West suggested, if I understood him correctly—but we believe that the lending institutions should set aside much more money than they do for residential mortgages.

For several years we have advocated that the government require lending institutions to set aside a specific portion of their lending portfolio for residential mortgages which would be pegged at a rate lower than the prime rate and would be retained for the amortization period. The hon. member for Edmonton West would have us believe that the banks cannot afford to do that. I think the few figures I have put on the record today indicate not only that the banks could do it, but that they should do it. Their profits have been increasing.

I should like to spend a few moments now outlining our proposal on housing—which is that money should be allocated for people in low and middle-income brackets who want to buy housing at a rate which they can afford, and that much more money be allocated for social housing.

In a year when we need more money for social housing, what has this co-called, progressive left wing Liberal government proposed? Instead of social housing, it proposed more goodies for those doctors and lawyers who can save money on taxes and put it in the MURBs program. We think that is a disgrace, Mr. Speaker. I cannot understand how any minister responsible for housing who comes from a city where housing prices are out of sight, could come forward with such a proposal. I think the minister would resign his position if he had any concern for ordinary people.

Mr. Deans: He is not even here to listen.

Mr. Orlikow: Let us examine what has happened in the area of housing in the recent years that the Liberals have been in power. In 1967 the Liberals freed the bank rate for mortgages which had been set at 6 per cent. That is a dream world, Mr. Speaker—that mortgages should be available at 6 per cent.

In 1969, on the advice of the then Liberal cabinet minister, Paul Hellyer—my colleague from Comox-Alberni (Mr. Skelly) spoke of the Liberal-Conservative party of Sir John A. Macdonald, but we still have a Liberal-Conservative party which sits on both sides of the House—I should point out, Mr. Speaker, that that particular minister became a leading light in the Conservative party—on his advice, when he was still a Liberal, the 6.5 per cent ceiling on NHA mortgages was released and permitted to be established by market forces.

Let me pause here, Mr. Speaker, to say that since I started to speak before one o'clock I have recalled that Mr. Hellyer's