

Canadian and British Insurance Act

Surely the time has come, in respect of the investment policies of the government, to direct that a certain percentage of the money accumulated by trust and insurance companies be put into some of the social fields, more especially housing. I am sure the Minister without Portfolio was shocked when he read in the newspapers two weeks ago that in Toronto alone there are 17,000 families who need public housing, and you can probably add another 35,000 if you take into account the members of those families.

Surely the insurance and trust companies have a social conscience in respect of the problem of housing. When thinking of the 1930s we realize that social conscience was absent in respect of insurance companies. Many of them had no provision for paid-up policies, cash surrender value or automatic premium loans. The result was that many of the fathers and mothers of hon. members who had insurance policies in the 1930s did not have the advantage of premium loans on contributions made to those policies.

As a result of government action we have injected a social conscience into insurance companies. We now have provisions in respect of insurance policies so that when people are not able to pay they can elect to take a paid-up policy, the cash surrender value or convert it to a term policy. This is the result of legislation to develop a social conscience in insurance companies. Surely the minister in charge of housing wants to see a social conscience developed. He can do so by having a percentage of the accumulated savings of Canadians collected by insurance companies directed into the field of housing. At the moment housing represents a strong, persuasive power.

I give the minister credit for being a man of sincerity and ability, and I am sure he is anxious to solve our housing problems. He could solve them more easily and effectively if we gave him the power to direct a percentage of the investment moneys of insurance and trust companies into good social programs, especially in the field of housing. I notice that the minister appears to agree with what I have said. I am happy he has indicated such agreement.

Another matter which annoys me to no end is that the government wants money for public housing, yet through CMHC the government could go into the public market and borrow money for its operation. I think for the year 1970 it has borrowed between \$800 million and \$900 million. It did this by

[Mr. Gilbert.]

making loans or selling bonds to banks, insurance and trust companies. The result is that the government must pay anywhere from 6 per cent to 7 per cent interest on these bonds. This is part of government financing. I am sure the minister in charge of housing would like to see the day when he, through CMHC, could go to the Bank of Canada and have it undertake the financing in respect of housing in Canada. This would result in a substantial saving of interest, which is a very important consideration.

When people buy houses these days they pay interest rates ranging from 10 per cent on a first mortgage to 12 per cent or 15 per cent on a second mortgage. This makes the purchase of a house almost prohibitive. The average cost of a house in the city of Toronto is \$42,000, which indicates that you must have a very substantial mortgage and make a substantial down payment to buy a home.

One of the keys to the solution of the housing problem is low interest rates on mortgages. I ask the minister in charge of housing to investigate the possibility of using Central Mortgage and Housing Corporation, rather than insurance and trust companies, to sell bonds. In this way purchasers of houses would not have to pay heavy interest rates to insurance and trust companies. Perhaps we could provide effective legislation so these people could go to the Bank of Canada to obtain loans at low interest rates. There would in this way be a substantial saving in respect of future housing. The saving on \$900 million at 7 per cent would be in the area of \$63 million. This is one of the ways we could inject a social conscience into the insurance companies.

Insurance companies have indicated by their actions and attitudes that they are no longer interested in housing. If they are interested, they are usually interested in apartments with large mortgages. I notice that the hon. member for York East (Mr. Otto) is here tonight. I am sure he agrees with me. When these companies place mortgages with builders of large apartment dwellings they acquire security through the mortgage and obtain an equity in the building. In other words, they have it both ways. They get interest on the mortgage and interest through equity participation. This is the attitude of insurance companies. They are not really interested in financing homes for the average individual; they are interested in very large mortgages and equity participation.