● (1610)

It is obvious to whom they went for advice. Did they go to the average working person and ask, what is the best way of setting up mortgage financing so houses can be bought at reasonable cost? No. They went to investors and to the financial community and asked what they could do to assist in making mortgage financing more attractive to them. This bill incorporates all of the ideas passed on to them by the financial community.

On Thursday of last week and on Monday of this week we had a debate on inflation and the high cost of living. The three main factors in that area have been the high cost of food, the high cost of clothing and the high cost of housing. Housing has ranked number one. Housing has been the foremost item in the cost of living and inflation. Is it any wonder that one hesitates to review the sad history of the Liberal government with regard to housing? Since 1965 when I came here, the whole philosophy of this government has been to treat housing as an economic valve, turning the tap on and then turning it off in accordance with the economic conditions of the day. As a result, we have had an increase in housing starts, then a shortfall, then an increase, then another shortfall, and the net result has been a shortage of housing at reasonable cost for the average Canadian.

May I remind the House of the lengths to which the Liberal government went in order to lift the rate of interest charged by banks? I remember the arguments of the then minister of finance, who said that if the 6 per cent ceiling were lifted money would flow into the market and there would be competition. As a result the rates would be as low, if not lower. What we have seen is mortgage interest rates rise from 6 per cent to 10 or 11 per cent. I would remind the House also that when the rate was at 6 per cent the banks refused to accept their social responsibility for housing and to put any money into housing. In the result the government was forced to take off the 6 per cent ceiling. The same government has also changed the maturity terms of NHA mortgages. At one time a person had the assurance that his mortgage would run for 20 or 25 years. Then, the financial boys persuaded the government to change the maturity term to five years. In sophisticated financial parlance, this was called the roll-over theory.

They then yielded to pressure to change the formula for setting rates for NHA mortgages through CMHC when related to the yield on bonds. I remember the hon. member for Trinity (Mr. Hellyer) telling me in committee that when that formula was lifted he foresaw a flow of money into the market and a downtrend in interest rates. How wrong he was, and how irresponsible was that statement. The Liberal government has placed total reliance on private builders and investors, and has fallen far short of its own responsibility for housing.

Another sad commentary about the Liberal government concerns the tax concessions the government has given to land developers across this country. In my speech on Bill C-133, I indicated how land developing companies, not only in Toronto, Winnipeg and Vancouver but right across the country, had gained control of land in the major cores and were selling it at unconscionable prices. The government assists them in this by giving them special tax concessions related to the application of interest rates related to their land purchases and fast write-offs. Is it any wonder that the people of Canada have lost confidence in this government's attempts to solve the housing crisis? Having seen what has been done, mortgage investors are asking for even more. That is their philosophy. Though we are experiencing the highest cost of housing in Canada, the highest mortgage interest rates and the highest cost of land, they want even more money. Their demand is for more and the government has yielded to them.

We have five major criticisms of this bill. The first is that Bill C-135 provides for the supply and control of mortgage funds for residential housing to be determined by the free play of market forces. The Federal Mortgage Exchange Corporation will not attempt direct mortgage market intervention with the aim of stabilizing either the price or the supply of mortgage funds. Those are the words the minister used in his speech. This means we will have more of the same—higher interest rates and increased housing costs. The minister sits silently by and says the government will not interfere with the free play of market forces.

We in the New Democratic Party say that the federal government must assume responsibility for a strong and adequate supply of mortgage funds. It must determine with the provinces our housing requirements, set annual targets and obtain firm commitments from financial institutions to meet those housing needs. It is only when we take that approach that we will see a downtrend in the cost of housing and mortgage interest rates.

Second, Bill C-135 aims to enhance the attractiveness of mortgage investment on the part of financial institutions and pension funds. The purpose of the bill should be to reduce to the minimum the cost of mortgage financing for housing purposes. The tax advantage given to shareholders participating in mortgage investment corporations, together with the determination to enhance the attractiveness of mortgages, will tend to enrich the shareholders at the expense of home buyers.

I could not help but smile at the tears that were shed by the hon. member for Peel South when he referred to the rape taking place of the investors of this country. Is he not concerned for the people who are buying homes? Is his interest directed to the mortgage investor rather than to those people in Canada who want to buy homes? The theme he sang to the minister of state in charge of housing was that something must be done for the poor mortgage investors because they were being raped. He has his parties mixed. The person who is raping is the mortgage investor; the person who is being raped is the one who is buying the house or hoping to buy it. But I imagine that his statement fits within the philosophy of both the Liberal party and the Conservative party in this respect.

● (1620)

The third reason we criticize this bill is that the setting up of the mortgage investment companies under Bill C-135 will not ensure that adequate mortgage funds will be made available both for new and existing dwellings in rural areas. One does not have to come from the Maritimes to be aware of the shortage of funds for housing that prevails in the Maritimes and Newfoundland. In this bill,