That is one of the reasons why we argue with the Govenrment that it must address the problem of affordable accommodation in a way far different from the way it is presently being addressed. For example, the Minister of Public Works (Mr. LeBlanc) knows that there have been dramatic cutbacks in funding for co-operative housing at a time when we need more housing. We will deal with that issue on another day in another way.

I would say to my colleague yes, we must establish that pool of finance that will enable us to meet the social need that can be met by the production of homes at an affordable price. If all of the other benefits to which I have referred are taken into account, housing is probably the single greatest economic motivator available to us. I do not have to tell you this, Mr. Speaker, because I know that you are an expert in the field, but for every one job that is created on-site when building a home, almost three jobs are created for the people who must make the various component parts that go into that home.

When a publicly financed, privately financed or a combined publicly and privately financed pool is established in such a way as to open up the field so that more people can afford to buy homes, thus holding interest rates down, then you can see that the evidence is abundant to show that we benefit in many ways. My colleague's question pertains directly to the subject before us and I think she is absolutely correct in saying that we must do that.

The Acting Speaker (Mr. Guilbault): The Hon. Member for Prince Albert (Mr. Hovdebo) has time for a short question.

Mr. Hovdebo: Yes, Mr. Speaker, it is a very short question. The Government would not have put this Bill forward if no one were to benefit from it. I wonder if the Hon. Member for Hamilton Mountain could indicate to us who will really benefit from the passing of this Bill?

Mr. Deans: Mr. Speaker, I will answer the question in lieu of making a 40-minute speech on the matter. I think that my colleague is probably aware and I think that most would agree that it is only the financial institutions that will benefit from this Bill. The financial institutions will be able to increase mortgage interest rates by 3.5 per cent and the—

Mr. Evans: Oh, Ian!

Mr. Deans: My colleague, the Hon. Member for Ottawa Centre (Mr. Evans), disagrees. They will be able to increase mortgage interest rates by 3.5 per cent and every single penny of that increase will be charged back to the home owner. That is the problem.

Mr. Evans: You think they will raise interest rates right out of thin air?

Mr. Deans: I do not blame my colleague for asking if I think that they will raise interest rates out of thin air. I think that financial institutions fail to distinguish between their obligation to provide affordable capital for absolutely essential works and their right within the free market system to expand additional capital on other than necessary works.

The Acting Speaker (Mr. Guilbault): Resuming debate.

• (1620)

Mr. Bill Kempling (Burlington): Mr. Speaker, to say that I am disappointed by this Bill would be an understatement. I had hoped that we would have had something more substantial than what is before us today.

The only way we are going to have competitive interest rates in the mortgage field is by having real competition in the mortgage field. That is the only way we are going to do it. In order to do that, we must have a good supply of money from a variety of sources; not necessarily just from banks and trust companies. We must have more sources for mortgage funds.

In looking at the minutes of the hearings which were conducted by the Finance Committee in 1968, I discovered that the Canadian Bankers' Association appeared before the committee. I was not a Member at that time, however, I read the minutes of the hearings which were held from 1978 to 1981. It was through the Bank Act Amendment of 1968 that banks were allowed into the mortgage field. Representatives of the Canadian Bankers' Association said that if they were allowed into the mortgage field, mortgage rates would drop. They indicated that there would be increased competition because of the amount of money that would be available to place in the mortgage field.

However, the rates did not drop. The rates increased. I am not saying that they should not have increased, but they did increase. The drop which we were supposed to see did not happen. When the Canadian Bankers' Association came before the Finance Committee for the next revision to the Bank Act, I made a point of asking the Chairman of the association why the rates had not dropped as the association had said they would in 1968. The Canadian Bankers' Association had left the committee, the House and the country with the impression that by allowing the banks into the mortgage field, the amount of money available for mortgages would vastly increase. Therefore, according to the supply and demand theory, mortgage rates would drop. If that had happened, the consumer would have benefited, the mortgagee would have benefited, housing would have benefited and the appliance industries and the spin-off of that tremendous, invigorating industry would have gone to the people of the country.

I asked the Chairman of the Canadian Bankers' Association why the rates had not dropped. His reply was interesting. He said: "If we had reduced the rates, we would have been accused of forcing the trust companies out of business." That was his reply. It is on the record of the Finance Committee meetings. He said that the banks would have been accused of lowering the rates and putting the trust companies in jeopardy because of their actions. His answer bothered me. It was not very satisfactory, but he was not about to give us something else.