

*National Housing Act*

ment, working with the Bank of Canada, to keep interest rates in Canada higher than they are in the United States. One would think that the banks and other lending institutions simply could not afford to lend money for mortgages at a lower rate than the rates which I have already indicated they are charging. One would think that the banks are in bad financial straits. Nothing could be further from the truth. Just last week most of the banks issued their annual financial reports. A few days ago I put on the record the profit margins announced by the banks. They are tremendously high. I will not place them on the record today, because I seem to have misplaced them.

However, the major banks, including the Royal Bank, the Bank of Montreal, the Canadian Imperial Bank of Commerce and the Mercantile Bank, each showed profit increases over 1974 in the range of from 40 per cent to 125 per cent. It is not as if 1974 was a bad year, because in 1974 all the banks showed profit increases of something in the neighbourhood of 30 per cent. So we can see that the people of Canada are paying interest rates far higher than they ought to be paying.

The second reason for the high price of housing is the tremendous profit which is being made and which has been made by the large land development companies of Canada. Studies have been made in most major cities of Canada which indicate clearly that what we have is not a monopoly but a dozen or less companies who between them have purchased most of the land which will be needed in the next ten years. They purchase the land at relatively low cost, hold it until there is a demand, and then make exorbitant profits. Frank Clayton, a Toronto economist, made a study of the way the land development industry operates in Toronto. That study was reported in the *Globe and Mail* on September 26, 1975. He suggested the following:

—Toronto land developers made "very large" gains during the period from 1961 to 1975 because of rising house prices.

Dr. Clayton's study found that the average increase in the land component in the price of a house was \$17,000 between 1971 and 1975. "It is unlikely that development costs including cost of servicing increased by more than \$5,000 over this period."

That difference represents a clear and unconscionable rip-off of the Canadian house purchaser by the development companies. Later in the same article, Dr. Clayton is reported as follows:

He estimates that house purchasers in metro Toronto paid an additional \$630 million during the last three years because of the lack of sewage treatment facilities.

Dr. Clayton also pointed out that while family incomes jumped sharply in the period between 1961 and 1975, the percentage of the family income which went into home ownership increased by far more than the increase in family income.

In 1961, 28 per cent of a family's income went to home ownership, but by 1975 this figure had risen to 42 per cent.

It has been assumed that people should not be paying more than 30 per cent of their total income for housing. When people are paying 40 per cent to 50 per cent of their total income for housing, they are sacrificing other essentials simply because they have been forced to buy a house,

[Mr. Orlikow.]

and to pay more than they can afford, because there is no housing available in the rental market.

Mr. Speaker, may I call it five o'clock?

## PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**Mr. Deputy Speaker:** It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parkdale (Mr. Haidasz)—External Affairs—Helsinki agreement—Method of determining extent to which commitments fulfilled; the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—Post Office—Maintenance of right of casual employees not to join union.

[Translation]

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, notices of motions.

## PRIVATE BILLS

[Translation]

### NORTHLAND BANK ACT

**Mr. Joseph-Philippe Guay (St. Boniface)** moved that Bill C-1002, to incorporate Northland Bank, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

**Mr. Guay (St. Boniface)** moved that the bill be read the third time and do pass.

● (1700)

[English]

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, nearly six months ago I spoke in a similar debate on another bank. At that time I was moved to comment on a bill which has not yet passed first reading stage in this House. I think it is lamentable that we are still at this stage 14 months after Bill C-7 was introduced by the former minister of finance. The bill has not been proceeded with. It had the dual purpose of enabling banks to be incorporated by the ordinary letters patent method, rather than by an act of parliament, and enabling the provincial government to own 10 per cent of the stock in a bank. Without in any way indicating that we on this side support Bill C-7, I would agree that its purposes are commendable. We are reserving our decision until the government