• (3:10 p.m.)

I quote:

One word describes it: deceiving. If your government were to implement those recommendations, it would, on the whole, further consolidate the foundations of this unjust society which is ours. Not one recommendation capable of solving the housing problem, the problem of the low income and even of the average income groups; encouragement to run oneself into debt for life, through the recommendation aimed at extending the terms of reimbursement, which is an apology of the efficiency of private enterprise in a field where the social needs are tremendous and where private enterprise has failed, the hoax and false pretences connected with the concept of property ownership by individuals who, over a period of 40 years, will pay three times over for their homes. It is readily realized that workers and wage earners want at least to be home owners in a society where tenants are systematically abused. At any rate, the task force is merely offering an illusion of property ownership to the people.

Abolition of the 11 per cent tax on building materials, if accepted, will clearly not be enough to reduce materially the cost of housing as a counter-measure to the present interest rate of 9.3 per cent.

The Hellyer report has failed to deal with the basic problem and to tackle the root of the evil which is eroding the society as a whole, that is, the present financial system.

Here is an excerpt from the report concerning the financing of housing:

To achieve this minimum target of one million new housing units by 1973, will require new housing capital of about 20 billion dollars. The task force believes that the vast majority of these funds can be provided by the private sector. Over the past 14 years lending institutions, primarily insurance companies have provided 6.6 billion dollars or some 50 per cent of their total assets.

In view of these findings and of this recognition by the Hellyer task force, we are surprised, as should all Canadians, that the government has decided to subject life insurance companies to the income tax act during the current, and almost inexhaustible, fiscal year and to dry up that source of available funds for the construction of new housing units.

What will be the result of that policy on life insurance companies? First of all, with this centralizing act we can expect to see several companies merge which otherwise, because of their weakness, could not continue to offer enough protection considering present needs.

And so, companies which previously made conservative investments, in mortgages, government bonds and low yield but safe debentures will be forced to improve the quality of their investments to cope with the cost of living index, and to look increasingly to co-ownership in the form of industrial, financial and commercial shares in order to increase their revenue and share it with the policy holders through reductions in premiums or higher profits.

The high premium on Canada savings bonds has attracted many investors who sold their low yield industrial and municipal bonds to purchase Canadian savings bonds.

However, it must be recognized that these high premium bonds impose a heavy burden on future generations which will have to pay the high interest on those bonds as well as redeem them at maturity.

Need I point out that those bonds also channel Canadian savings towards certain forms of security, to the detriment of the bonds and industrial shares market, thereby depriving industry in general from the funds it needs to expand.

As I also pointed out, by turning to private savings to finance its debt and to taxes on insurance companies the government deprives industry and construction of the money they need to develop.

• (3:20 p.m.)

It follows that the construction industry for instance will be unable to meet the present requirements due to a shortage of available capital and the inaction or apathy of the federal government.

Mention should be made of the credit deserved by the Minister of Transport (Mr. Hellyer), responsible for the report on housing and urban development, who in some way anticipated this shortage of available capital by including in his report the following recommendation:

Serious consideration should be given to the establishment of a Central Mortgage Bank to provide additional liquidity for existing lending operations and as a necessary prerequisite to the creation of new mortgage institutions.

But how can we reconcile this admission when the report immediately adds the following:

While lacking any panacean solution to the problem of high interest rates, the task force believes one concrete step can be taken which will have a positive effect on the level of mortgage rates in Canada. Last year the federal government dropped the previous practice of setting the maximum NHA rate at a fixed level and, instead, freed it at least in part to be adjusted automatically on a quarterly basis to a rate of 2.25 per cent maximum above that of long-term government of Canada bonds. This represented a major step forward from the fixed rate system under which housing suffered