

*National Housing Act*

position to go into the market and buy their own homes. I believe the legislation when brought down by the government should include provision for low rental housing.

**Mr. Harkness:** Mr. Chairman, I had no intention in the world of taking part in this debate at this stage of the proceedings, but in the last few minutes there has been considerable talk with respect to interest rates. I should like to make one or two remarks on that subject and ask the minister one or two questions. In the first place, I think any introduction of what would amount to a subsidized interest rate of 2 per cent, or any similar rate, would be one of the biggest steps we could possibly take in this country toward a completely socialized state. As a result I think it is the sort of proposition that would not commend itself to the vast majority of our people.

However, I think there is a middle ground between what one might call a subsidized interest rate of 2 per cent, as suggested by the last speaker, and a reasonable rate consonant with what money will ordinarily earn under the general economic conditions prevailing in the country. I think a number of insurance companies operating in the housing field at the present time are demanding excessive, in fact I would say usurious, rates of interest.

I should like to ask the minister first of all whether he is aware of the fact that some of the insurance companies operating in the housing field are asking 6½ per cent on housing loans. Second, does the government agree that that is a reasonable rate of interest; and if not, what measures are they taking or proposing to take to see that such a rate is not extorted from the unfortunate person who wants to build or buy a house and is possibly desperate enough to pay almost any rate of interest asked rather than find himself without a home?

**Mr. Winters:** The types of loans to which the hon. member for Calgary North has referred are those made by lending institutions directly, what are known as conventional loans. Loans made by lending institutions through the joint lending facilities of the National Housing Act are of course made at 5¾ per cent on their share of the money, which is more in keeping with what I am sure my hon. friend had in mind by reasonable rates of interest.

**Mr. Harkness:** Mr. Chairman, may I say that the minister has not answered the questions. He has answered the first question more or less by inference, namely whether

he was aware that loans were being made at a rate of 6½ per cent by some insurance companies. I am aware of that, but he has not answered the second part of the question as to whether the government agrees that this is a reasonable interest rate for these insurance companies to be asking, and what steps the government proposes to take in connection with it.

**Mr. Winters:** It is pretty difficult to define what everybody thinks is reasonable. The fact that lending institutions can place money at 6 or 6½ per cent only means that there are people who are willing to pay that much for it.

**Mr. Harkness:** There are a lot of desperate people in this country.

**Mr. Winters:** Many people, under the National Housing Act, obtained money for 5¼ per cent. I believe the new legislation, with the insurance guarantees and the other measures taken to encourage the flow of mortgage money, will result in an interest rate somewhat lower than the high interest rate mentioned by the hon. member.

**Mr. Knowles:** I may say to the minister that I was disappointed and disturbed to learn that it is the intention of the government to refrain from putting an actual interest rate in the act itself. As I understand it, the minister has told us that there will be a provision in the act leaving the interest rate to be set by the governor in council.

**Mr. Winters:** That is the way it is now, Mr. Chairman.

**Mr. Knowles:** It is that way now in the National Housing Act?

**Mr. Winters:** It is that way now in the National Housing Act.

**Mr. Knowles:** If that is the way it is now, then this would be a good opportunity to change it. The minister has not liked it on previous occasions when we have talked about lending institutions going on strike or putting pressure on the government to permit an increase in interest rates. But I submit that is exactly what has happened, and so long as this sort of thing can be set by order in council pressure will continue to be exerted on the government.

I listened carefully to the reply the minister made to the hon. member for Danforth. It seemed to me his question was a proper one, but the minister was not only unwilling to give figures concerning what it would cost in that example to carry a loan, but he said it would not be possible to make the interest