

Government in Secondary Position

Another example is that when credit circumstances are favourable, I do not wish to leave the impression that I am of the school that believes that the operations of our National Housing Act should have, as a basic principle, direct participation by the State. In fact, the policy of the Government is quite the contrary. The National Housing Act is designed to provide important encouragement and stimulus by the Federal Government to our traditional manner of adding to our housing supply. At the same time, it is designed so that the Federal Government, through its agency Central Mortgage and Housing Corporation, shall be in a secondary rather than a primary position. The majority of the operations under the National Housing Act take the form of joint loans, where the lending institutions are the administrators and for all practical purposes are the mortgagees as far as the borrower and home-owner are concerned. Likewise, in the case of loans made to limited dividend companies for low rental housing, care is exercised that Central Mortgage be only a mortgagee and that suitable management for the low rental project shall be provided by local groups. In our public housing arrangements one of the basic principles is that whereas the property shall be owned in common by the Federal and Provincial Governments, the actual management of the property, selection of tenants, and all other matters directly connected with the landlord position are in the hands of a local housing authority. All through the various provisions of the National Housing Act, you will find the same principle. I am sure that many Canadians find this policy to their liking.

I believe that there are many practical dangers if the Federal Government were to become the landlord of a large number of Canadians. This is more than a personal opinion. It will be recalled that immediately after the War we embarked upon a substantial programme of rental housing for returned veterans. This programme has been reasonably successful. Central Mortgage are a much smaller landlord than they were a few years ago by reason of the sale of a large number of these units to their occupants. However, our experience at that time and now indicates quite clearly why a Federal agency such as Central Mortgage should not be the landlords of Canadian families. Likewise, in the lending field, I think there is a great advantage to be gained if our established lending institutions are the administrators of the mortgage under the National Housing Act, rather than it being handled on direct account by Central Mortgage. On the other hand, occasions arise where the following of this reasonable policy just does not appear to be in the public interest. For instance, it became apparent that for a number of reasons loans under the National Housing Act were not available to Canadians who wished to build houses in communities of 5,000 population and under. The lending institutions had good and sufficient reasons (which I can well understand) for not wishing to take this type of business under the joint loan procedure. But we were left with a blind spot in our lending structure and as a result Parliament gave Central Mortgage authority to make direct loans where, in their opinion, joint loans were not normally forthcoming under the National Housing Act. I don't like the principle of this direct lending, but prefer it to the absence of National Housing Act loans for an important group of Canadians.