

Discussion on Housing

applications and there was more activity between the middle of February and March 31, when the rate was at $7\frac{1}{4}$ per cent, than had taken place in any corresponding period of six weeks or even several months. A lot of money came into housing for apartment blocks and multiple dwellings, particularly in areas of great need such as Hamilton and Montreal. But as soon as the figure dropped to 7 per cent loans dried up and there have been virtually no loans since the end of March from traditional lenders.

Following the meetings which took place in nine provinces with provincial and municipal leaders of all the provinces, I held meetings with representatives of the approved lending institutions. They did not hesitate to point out to me that the government should make its wishes clear. On the one hand, they said, the government wished the institutions to buy government bonds, providing attractive interest rates as an inducement. On the other hand, we wanted more money made available for housing. It was suggested that instead of insisting upon an inflexible interest rate for each quarter the government might do what the National Housing Act permits and free the rate and let the law of supply and demand make the necessary adjustments, subject to the ceiling.

● (5:30 p.m.)

That is exactly what we have done. It was not done with the thought that the lending institutions would increase their rate to the maximum of $8\frac{1}{4}$ per cent. I hope hon. members do not think this suggestion was not fully explored. I may not be the best minister of housing that the country might have had but at least I have had some business experience and have some common sense, I hope. What the lending institutions suggested was the right to operate without a frozen rate of 7 per cent, $7\frac{1}{4}$ per cent or $7\frac{1}{2}$ per cent. They wanted flexibility. It was not surprising to me—I would have been surprised had anything else happened—to hear the senior vice president of the Bank of Montreal announce what their rates for housing loans will be. I know that the heads of several other lending institutions in Canada have said what their rate would be and now is. It is not $8\frac{1}{4}$ per cent. It is $7\frac{3}{4}$ per cent. I know that the more dependable and traditional lending institutions in whom we have confidence usually operate at one half per cent below the conventional rate. The conventional rate across the country today for most companies is $8\frac{1}{4}$ per cent and in some instances $8\frac{1}{2}$ per cent.

The officials of the institutions to whom I have spoken in the last day or two have assured me that with the flexibility they have now more money will be made available for housing. This is very important to a bank and to C.M.H.C. The reason C.M.H.C. has had to advance money by direct loans in many rural parts of Canada is that the mortgage companies and trust companies, the traditional lending institutions do not have branches there. You can see how important it is to get the banks back into the picture. There is a bank not only in every city but also in every town of any size and even in many of our villages. The local managers of these banks know the individual who applies for a housing loan. This person probably has had an account at that bank for a period of anywhere from one year to 50 years. The branch manager knows whether or not the man is a good risk and therefore he can apply any rate under the ceiling which he thinks is suitable, whether it be $7\frac{1}{2}$ per cent, $7\frac{3}{4}$ per cent or 8 per cent or less.

I predict that there will be different rates in different parts of Canada. There might be one rate in Toronto and perhaps a different rate in Nova Scotia, Newfoundland or in some other part of Canada. And I ask hon. members, if a person wishes to buy a particularly expensive house why should he not pay the normal commercial rate of interest that he would pay if he were buying a car or a television set? Why should the Canadian taxpayer subsidize that individual? We want our federal funds to be used for the greatest social needs and that is where we will put it so long as I am a member of the government.

I have only a few minutes more, and in the time that I have I should like to deal with some of the other suggestions which have been made. I think for instance that there is merit in the first suggestion made by the hon. member for Charlevoix (Mr. Asselin) that a reasonable rate of interest be fixed for those persons with low incomes. If we can subsidize people who are moving from an isolated outport in Newfoundland to some other area and if we are going to provide housing subsidies and incentives for some home owners, it well may be that we should be considering something for people with low incomes,—I am not prepared to say whether it should be at the level below \$6,000, \$7,000 or \$8,000, but somewhere between that of the person who has nothing but his old age pension and the person in the lower middle income level.