

*National Housing Act*

profits to those lending institutions which make a business of lending money at a profit, but rather from the standpoint of providing houses for people in Canada, leaving aside altogether the profit motive. In other words we maintain that the government should accept housing as a social responsibility.

We have suggested a 2 per cent interest rate. I will grant that there are those people who will say that is going to be a subsidized rate. I say this. If the government is going to subsidize industry as it does in this country—and I suggest the tariff structure itself is a form of subsidy—if it is going to subsidize the gold mining industry, if it is going to make subsidies of any kind, I cannot think of any field the government could better subsidize than the field of housing. We have a problem that will have to be faced, and it is no use simply saying that a 2 per cent interest payment is too low.

The fact is that if interest rates have gone up they have done so because the government has allowed them to go up, because it has been a conscious part of government policy. There is no reason why an interest rate of 2 per cent cannot be made available to prospective home builders in this country. The other night an hon. member mentioned something about the 2 per cent figure being too low. I suggest that if the government accepts housing as a social responsibility it will provide money at 2 per cent. There is no reason why it cannot be done if the government wills it.

We do not know just what the bill will contain when it is brought before the house, but press reports have been quite liberal in their hints as to what the housing legislation is going to involve. From what we have been able to gather we surmise that a system is going to be set up of insuring the holders of new residential mortgages against loss in return for an appropriate insurance premium. We know that. From press reports we have been led to believe that is in the legislation. It has been suggested that when the legislation is brought before the house it may have a provision empowering the chartered banks to make loans on insured mortgages. It has been suggested that the down payment will be reduced from 20 per cent to 10 per cent, and I am quite sure all hon. members will welcome that provision. It has further been suggested that there will be an increase in the amortization period from 20 to perhaps 25 years.

If these provisions are included in the bill, then I suggest there are certain aspects that must be given very careful consideration. It seems, as the hon. member for York South has

pointed out, that if this is true the government is surrendering its last interest in housing directly to private enterprise. In other words it seems to be washing its hands of the entire business of housing, the little interest that it has had. Then we must surmise that in withdrawing from the lending field in favour of private enterprise the government is departing from a basic policy of our Canadian banking system.

In checking over *Hansard* we find that at the time of the revision of the Bank Act in 1944 Mr. Ilsley, at that time minister of finance, made this very significant statement, as found on page 2557 of *Hansard* for May 2 of that year:

This has been a fundamental principle of Canadian banking since confederation and experience has, I think, proved its soundness for depositors, borrowers and shareholders alike.

That of course is a reference to keeping the banks out of the mortgage field. Apparently this legislation would seem to envisage a radical departure from this long-accepted principle of Canadian banking. We know, too, that if press reports give any fair indication of the legislation to be brought down, the legislation will have the effect of making mortgage investment more attractive to private institutions. As the hon. member for York South has said, it is legislation designed to meet the requirements of the lending institutions primarily rather than to meet the interests of those who want to buy or build their own homes.

We know that private enterprise will be the chief beneficiary of this legislation, and we know moreover that in the long run the prospective home owner will have to pay more for his home. With the amortization period being extended and the interest payment being increased, we know that in the long run it is going to mean increased cost to those who wish to build their own homes. Until such time as the details of the bill are brought down we do not know exactly what the legislation will contain, but enough has been indicated through the press about the main points of the proposed legislation that I think members of the house and of the government should give serious consideration to modifying the legislation so that when the bill is brought down provision will be made for an easier rate for those who wish to build or own their own homes, through a lower down payment, an increased amortization period and an interest rate of not more than 2 per cent. Second, I feel that the government must not overlook the many thousands of our citizens who for one reason or another are not at this time in a