

*Central Mortgage Bank*

constitutional aspects of the matter because, as is well known, a mortgage instrument is an instrument under provincial rather than federal law. The control over property and civil rights by provincial legislatures gives to them control over many of the factors involved in making loans and taking security from their citizens. Care has been taken not to step beyond our constitutional powers in any particular, nor to infringe the rights of any province. But in view of the fact that the provinces have these wide powers in relation to property and civil rights, it is necessary to insert a clause which will not compel an adjustment by a member company in a province in which legislation exists which, in the opinion of the central mortgage bank, would render unsafe the mortgage which the dominion institution would be rediscounting, by reason of unfair legislation. However there is provision whereby the province may study the matter, and there is time allowed, of course, for any adjustments which may be necessary in that regard. However, that may better be discussed when we are in committee on the bill.

Mr. MANION: Before the minister takes his seat may I suggest he might tell the house some of the conditions with respect to the individual mortgagee coming under the operation of the act—that is, the individual who is lending money on a house.

Mr. DUNNING: I have not yet been able to find any means whereby the advantage of a close margin system of state-assisted credit could possibly be applied to the individual mortgagee. That is to say, up to now it is impossible to work out a means whereby the individual mortgagee could go into the central bank and there discount a mortgage which he, as an individual, holds. The reasons for that are obvious, I believe—on the score of expense alone, with regard to an individual mortgage anywhere in Canada.

However I should say this, that of course a mortgage includes an agreement of sale, and there is nothing to prevent individual mortgagees from forming themselves into co-operatives for the purpose of obtaining the facilities of this measure. Neither is there any difficulty imposed upon the sale of mortgages. That is to say, it is quite possible for an individual mortgagee to sell his mortgage to some institution which can come under the provisions of this measure. Up to now, however, it has not been possible to bring together into one statute facilities for cheap long-term money, and at the same time facilities for dealing with individual lenders. It is altogether too expensive, so far as anything we have

[Mr. Dunning.]

been able to work out up to now is concerned. However, I do not regard that aspect of the problem as finally settled, because I recognize fully that in many parts of Canada the individual rather than the corporate mortgage is the prominent factor in the economy of the area.

Mr. TAYLOR (Nanaimo): I should like to ask a question.

Mr. DUNNING: We shall be in committee in a few moments, and I suggest that the hon. member wait until then.

Mr. TAYLOR (Nanaimo): Is it possible under the terms of the measure for a municipality to be a member company?

Mr. DUNNING: That is not contemplated at the present time, but there is nothing to prevent a municipality, or any other organization, from forming the kind of institution which would qualify.

Mr. TAYLOR (Nanaimo): Or a province, on behalf—

Mr. SPEAKER: I would ask the hon. member to refrain from questioning the minister until the house is in committee.

Mr. TAYLOR (Nanaimo): I had a special reason.

Mr. DUNNING: I know quite well that I am asking a lot when I ask hon. members not to interrupt in a matter which has such wide ramifications. I appreciate there are questions in the minds of hon. members, and while I do not wish to be discourteous I suggest seriously that in the bill itself will be found answers to the great bulk of the questions which might arise. I will have opportunity at a later stage to deal with other phases of the matter.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I am pleased the government has seen fit to introduce this resolution at this time. The resolution states that it is expedient to introduce a measure to incorporate a central mortgage bank, which will have for its purpose the settling of mortgages on homes and farms. This matter should have been dealt with many years ago. The inflationary money system which has been operating in Canada for some time has been indeed inimical to the interests of debtors in Canada. For instance, during the war years inflationary monetary policies were in effect throughout the world. In Canada millions of dollars were put into our monetary system by the increase in real money known as legal tender and by the expansion of bank credits.