

Discussion on Housing

another area in which a cannery is situated or near where a master ship is operating unless they have a personal stake in doing so? This is an area in which it seems to me that the federal government could and should provide assistance. I have used Newfoundland as an example to illustrate my contention, but this is the type of aid that we should like to see given not only in Newfoundland but elsewhere. There will probably be a need for a somewhat similar program, as a result of the developments taking place under the Cape Breton Development Corporation. It was as a result of constructive suggestions of this kind, the type of suggestion that I invited in the house, that in the Speech from the Throne, which His Excellency read in May of this year, it was announced that the federal government would meet with the provincial governments and I believe with representatives of the municipalities to consider the whole subject. The announcement was made in May on the basis of information we had obtained between January and April.

What happened? We in this house are supposed to be politicians. Let us be frank. There were three provincial elections, two in June and one in July. We have known for several weeks that three more provincial elections would take place in other provinces. We also knew that two of the provinces would have new premises. How absurd it would have been in an environment of that kind to have called a conference on this question. I would have liked the conference to be called for June or July, so would my colleagues. I certainly would have liked to have seen one called not later than September or October. But it would have been a frustrating exercise. I want now to assure the house that the meeting will be called if not for November, then in December of the present year. I will see to it that the invitations go out as soon as the results of the pending elections are known regardless of any changes in government. Invitations will go out promptly, and I hope we shall come to grips with these problems at the coming meeting.

I was impressed with a statement made last night by the hon. member for York South (Mr. Lewis), though certainly not all his statements appeal to me. A great many do not. He said last night in the course of a discussion of housing on television that the housing problem in Canada would be solved only by wholehearted co-operation between the three levels of government. I have been saying that for two years and I sincerely

[Mr. Nicholson.]

believe this is the only way in which it will ever be solved.

Other suggestions have been made by the hon. members and perhaps some of them call for comment. The hon. member for Esquimalt-Saanich (Mr. Chatterton) referred to the heavy expenditures being made by all levels of government and the effect they were having on the cost of money and on the cost of living. How many people in Canada, who have read comments on the report of the Economic Council know that two thirds of the money to which the council has referred is being spent by provincial and municipal governments, not by the federal government, and that in the last five or six years expenditure by these authorities has been trebled or quadrupled? Their great increase is the reason for the reference made in the report of the Economic Council.

Criticism was directed toward the government for permitting a higher rate of interest on N.H.A. loans. I think the house should understand just how the ceiling came about. Legislative authority for the imposition of this ceiling was provided not at the initiative of the present government but under another government several years ago. The intention when the provision was put in the act was that should a situation become sufficiently serious at any time a formula such as the one I announced last week could be adopted. We acted on the authority because of the situation that now exists.

The reason for adoption of the new formula is clear. There has been such a heavy demand for the money which was available, not for public housing or those other areas of great social need but for the construction of apartment blocks, the greatest need being in cities such as Toronto and Hamilton and their environs, that interest rates were upset. In December of 1966 we set an interest rate ceiling of $7\frac{1}{4}$ per cent for the first quarter of 1967. There was no flexibility involved in that rate. The rate could not move to $7\frac{3}{8}$, nor could it fall to $7\frac{1}{8}$ or 7 per cent. It was fixed for the quarter.

Then this is what happened. The rate is tied in with the yield on federal government bonds and in or about February, the yield on those bonds started to go down. It continued to decline in March, as a result of which it was obvious that the $7\frac{1}{4}$ per cent rate would drop to at least 7 per cent for the second quarter. In consequence lending institutions, including some banks which hoped they would soon enter the field, began to take