

finance under new rates and all that kind of thing. Has the minister given that matter sympathetic consideration, and can that type of case expect some relief within a reasonable time?

Mr. Hosking: The problem of housing is one which I am sure gives the minister a great deal of concern. I do not believe there is any greater handicap so far as the development of the country is concerned than the situation which has arisen in municipalities on account of high taxes and the shortage of housing. It is a well known fact that the most efficient form of government we have is that of the local municipality. I feel the minister should give every consideration to the municipalities in order to see that they do not lose their autonomy. Great care should be taken to see that any form of help which may be devised by a dominion-provincial conference should not be in the form of grants donated to the municipalities. It is a very bad thing for municipalities to lose control of their sources of revenue. If we are going to have efficient government at the lower levels the municipalities must be responsible for their sources of revenue and should not be assisted by way of grants. They should be assisted by giving them a direct source of taxation. That must be given to them at some time in the near future as the result of a conference between the provinces and the dominion.

When the question of housing is being discussed between the provinces and the dominion I ask the minister to use his influence to see that this topic is thoroughly discussed and that some satisfactory arrangement is made whereby municipalities will not be under the thumb of the municipal boards of the provincial governments. If the city and county councils are under the thumb of the government which makes the grant, they have to spend the money granted and the money raised by their own taxes as they are directed by that government. I think all members will agree that this is not a form of taxation that was envisaged when the British North America Act was first devised. This practice is a derivation of one malpractice after another as a result of which the municipalities, on which this country is absolutely dependent, are under the thumb of the municipal board which is not responsible to the city or county. When the minister is dealing with the problem of housing, in which the municipalities and the provincial governments are so much involved, I would ask him to point out this matter to the provincial governments so that with the help of the dominion government there may be some readjustment made

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so far as remedying this abuse which has developed over the years.

Mr. Fulford: There is one matter I should like to bring to the attention of the minister. I refer to the almost insurmountable obstacle facing the smaller municipalities with respect to new housing development. I have special reference to my own town of Brockville. Central Mortgage and Housing Corporation contemplated a development there for which they have the property. If they had proceeded with their plans it would have meant that about \$700,000 would have been spent. Unfortunately the section of land involved is in the township and will have to be included within the town limits. That means the installation of public services such as sewers, water mains and hydro lines. The town authorities secured an engineer's report on the cost of installing these facilities, and it was found that they would cost more than the development contemplated by Central Mortgage and Housing Corporation. I appeal to the minister to devise some method whereby municipalities can be assisted when they find it necessary to expand beyond their own boundaries in order to proceed with housing development. In the particular case about which I am speaking I know that the Brockville town council had no other alternative than to turn down the offer of Central Mortgage and Housing Corporation. We are so desperately in need of houses there that I just do not know what the immediate future holds for the town. We have to have the houses, services must be supplied, and at the present time the municipality just cannot afford it.

Mr. Hees: Mr. Chairman, when the government abolished the one-sixth mortgage loan on February 5 of last year, the Minister of Resources and Development advised the house that the government was taking this step in order to conserve building materials which were needed for the defence program.

The situation today was described by Mr. Mansur, president of Central Mortgage and Housing Corporation, when he spoke before the banking and commerce committee on May 6 last, and I should like to quote his words as recorded at page 29 of the proceedings of the committee. He said:

Early in 1951 there were some limitations upon new residential starts because of shortages of certain types of building materials. This difficulty no longer exists, and I do not believe that, except in very isolated instances, will the lack of building materials play any part in limiting the amount of new residential construction in 1952.

In other words, Mr. Chairman, the reasons which the minister cited to justify the removal of the one-sixth mortgage loans have now disappeared. And yet the government