

National Housing Act

If we add to that money invested by the federal government, the Quebec government and the city of Montreal for the demolition, clearing of land and purchase of land as well as the rebuilding, amounting to a total of \$17,088,133, we find that to \$38,161,133 has been spent by the governments. This amounts to a total and final cost of \$60,000 per unit, at the end of 50 years being paid by the provincial and federal governments.

It can then be concluded that if the federal government and the city of Montreal, instead of building the "Habitations Jeanne-Mance", had simply advanced the necessary money, without interest, to the families involved, allowing them to build their own homes, it would have been possible to build five units with the same amount instead of only one as in the "Habitations Jeanne-Mance".

With \$47 million invested in the Jeanne-Mance housing project, it would have been possible to build 4,000 units instead of 796.

Under the present C.M.H.C. system, which assisted various housing projects, including urban housing projects, it costs the tenants at the end of 60 years an average of \$60,000, representing both capital and interest, including also the amounts spent by the federal and provincial governments and the city of Montreal.

In adopting the formula whereby interest-free loans would have been made to tenants in order to have their own homes built, the governments would have lost nothing in extending the repayment period on a \$12,000 loan, for instance, over a 30-year period, meaning 360 monthly payments of \$33.33, to which, however, taxes and fuel costs would have to be added, of course, bringing the total monthly payment to about \$50, which is what tenants in the Jeanne-Mance project are now paying, with this difference however that in 30 years, those families would own their own homes after having paid \$12,000 to repay their loan or \$18,000 if taxes and fuel are included.

But today after having spent \$30,000 in rent for 50 years, those families will still be tenants.

Under our present system, we find that, as in the case of the Habitations Jeanne-Mance, Central Mortgage and Housing Corporation spent \$60,000 per unit. It means that in his lifetime a tenant will pay the equivalent of five houses since it can be said that a house costs about \$12,000 and, at the end of 50 years he will not even own a little bungalow.

There is no solution under our present system. What the Creditistes have always

[Mr. Rondeau.]

advocated is this. Central Mortgage and Housing Corporation should use the banks or other similar institutions to make interest-free loans to those who want to build.

A Creditiste government would solve the housing and slum problem in the following manner: loans for construction of family dwellings to be occupied by the owner would be loans for the social development, for the development of this country's social capital and not for making profits available to individuals.

Social Credit claims that social investment capital should not come from the private sector, which forces borrowers to repay two, three, four and even five times the amount borrowed, but that it should be made up of new credit, that is of new bank credit.

This argument is supported by the director of the Brussels International Superior Institute of Town Planning, Mr. Gaston Bardet, who said:

How can we build the 200,000 houses needed every year? Ask the bankers how they proceed when building for themselves. What does a bank do when it wants to build? It is going over to another bank for a loan? Of course not. The bank opens a current credit account for itself on which, of course, it pays no interest. It buys the site and pays the contractors by cheques guaranteed...by the building itself. Then it draws rents and, at the end of 30 years, the money collected is in balance with the credit account opened. The operation is written off, but the bank keeps the building which it now owns without having paid a penny, except perhaps the cost of entering on the ledger the amounts written under assets and liabilities.

So, the bank, thanks to modern credit, using scrip money, in other words the solvency of credit was able to create fictitious money and to convert it into a real building, cheques issued being cancelled at the end of 30 years after the magic operation is over.

According to Social Credit, there is no magic in that. To create then destroy the credit which is, during its existence, just as good as real money, is what banks are actually doing under the authority conferred upon them.

The Central Mortgage and Housing Corporation or any other similar body should act as a bank for those who want to build their own homes, and provide future owners with the money they need.

The bank would grant the necessary loans to buy the lot and to build the house according to recognized standards.

After a study of the family's ability to repay, the bank would decide the monthly repayment to be made.

The loans would be interest free and the monthly repayments would be made over a period of 20, 30 or even 40 years, depending on the quality of materials used and the repayment ability.

As a general policy, this monthly rent could be 20 per cent of the monthly income, as it is the case with the "Habitations Jeanne-Mance", for instance.

Thousands of tenant families could become home owners and a stabilizing force in our society, while