

the past, they will be able to make their investments so that the federal government has not any serious financial risks. Will the minister indicate if he would consider broadening the legislation to make available to municipalities the benefits which he is proposing for the lending institutions?

Mr. HOWE: The cities, municipalities and provinces of this country are today in better financial shape than ever before in their history. They are able to borrow money at lower rates than ever before in their history. There is no reason why one taxing authority should subsidize another taxing authority to take on obligations in the field of the latter. If the provinces and municipalities wish to go into the housing business, I do not know of a thing to stop them; on the contrary, I believe they would be discharging a duty which is theirs and not that of the federal government.

Mr. MacINNIS: I do not know whether it would be profitable to discuss the financial position of the municipalities at the present time. The municipalities are at present, apparently prosperous, but the prosperity is more apparent than real. They are apparently prosperous because they did not do any repair or construction work during the war period. I think the minister knows that. Today every municipality in Canada, I am quite satisfied, has a backlog of repairs, services and construction which it cannot possibly meet with its present limited taxation powers. The minister said before the dinner recess, I think, that there could be cooperation between the dominion, the province and the municipality in this matter. I think the dominion government has done considerable; but, so far as my information goes, the provinces have not done anything at all, and the municipalities have not done a great deal more. But the municipalities have not the taxing resources which will enable them to carry on a project of this kind. I agree with the hon. member for Mackenzie that the same assistance or the same privileges should be given to the municipalities as are given to the insurance, trust and loan companies which, in my opinion, according to this resolution, are not taking any risks whatsoever; the government is taking the whole risk. If the same privileges were given to the municipalities I believe that they would accept them.

Mr. MERRITT: A moment ago I think the minister suggested that I was wrong in saying that he had said last year that costs of construction had gone up 150 per cent.

I have what he said on July 22 last; at page 3683 of *Hansard* he is reported as follows:

Three steps could be taken to help meet this problem:

First, increase lending values to the current level of building costs which is of the order of 150 per cent of the 1939 level, with variations in different parts of the country.

Mr. HOWE: My hon. friend will agree that, taking the 1939 level as 100 per cent, 150 per cent represents a fifty per cent increase.

Mr. MERRITT: Oh, yes. I do not think I suggested anything different.

Mr. HOWE: If I understood you to say anything different I am sure you did not intend it. I am sure you intended to say a fifty per cent increase instead of a 150 per cent increase.

Mr. MERRITT: I intended only to use the minister's own words.

Mr. HOWE: Quite so.

Mr. MERRITT: But I did not rise only to straighten that point out. I intend to read on and come back to the point I was asking questions about before. The minister went on to say:

This has been done by the corporation increasing lending values by an additional 8 per cent as from April 29, 1946, so as to bring lending values into line with cost levels. We believe that present lending values are very close to the actual cost of building plus a fair builder's profit, but do not make allowance for extra costs such as delays in delivery of materials, inefficient labour and the very long profit being taken by some builders. We are unwilling to make loans on extra costs of this kind.

It was just at that time, I think, that the minister introduced the integrated scheme. I have made a calculation based on what he said a moment ago about present-day costs being 126 per cent of lending value, and I find that under the ordinary scheme, without using the integrated housing, the actual loan made will be, as I take it, 75 per cent of 83 per cent of the lending value, which is only 62 per cent of the cost of construction. This will mean that in all houses not built under the integrated scheme, 38 per cent will be required to be put up by the owner.

I can very well appreciate the minister's reasons for bringing in the integrated scheme. But surely materials are—or we hope they are—in a little better supply than they were a year ago and are going to get continually into better supply; labour will become more efficient; and surely the long profit the minister complains about is, in many cases,