

Senator LEONARD: I take it the evidence of the witness is that the carrying charges of this particular house would be within the 27 per cent limit of a person earning \$3,600 a year. Is that not the evidence you are giving?

Mr. CARON: That is correct. In the survey, they designed the house, went to the Central Mortgage, and said, "What mortgage will you give us on that?" With that answer they worked backwards and said, "Fine, a man earning so much is eligible financially to be given this mortgage."

The CHAIRMAN: What is all this talk about lowering the income ratio? Maybe we should not be badgering you with these questions.

Mr. CARON: I think I can answer that one. We have picked the figure of \$5,000. Actually, taking the whole country at large we should perhaps be thinking in terms of about \$3,400, because \$5,000 is a fairly high figure, and many people who appear to require housing the most and who for the most part are capable of handling the mortgage, that is, have the will and the good faith to carry out the deal, are earning in the neighbourhood of \$3,200 to \$3,500.

Senator REID: Can you not give us exact figures?

Mr. CARON: I have not got the exact figures, Mr. Chairman, but the average as I remember it throughout Canada is that people earning in the order of \$4,200 a year are buying houses whose average cost to them is somewhere between \$11,600 and \$12,000. Now, that is certainly subject to check, because I am speaking from memory.

Senator REID: Are you advocating the U.S. system should be considered here, to buy a home and obtain a loan?

Mr. CARON: It is not recommended as such but we suggest that it is easier for a person in the United States under comparable regulations to obtain housing. Personally I think that the man buying a house must have a sufficient equity in the house to make him a responsible person, a responsible signer of that mortgage.

Senator CRERAR: What percentage would you put it at?

Mr. CARON: I would put it at about eight per cent more or less, sir.

Senator CRERAR: That is, for a cost of \$5,000 you put up \$400?

Mr. CARON: Mathematically, that is correct.

Senator EULER: Beside the lot?

Mr. CARON: No, including the lot. Now, what is happening is that a lot of people are buying houses and putting up anywhere from ten to eleven per cent cash, but of that cash oftentimes fifty or sixty per cent of it is some private loan by some member of the family, so that actually he is pretty close to the line in so far as the equity is concerned.

Senator CRERAR: In that case, if he got a private loan from his brother it would not affect his security?

Mr. CARON: No; I agree.

Senator SMITH (*Queens-Shelburne*): I would like to ask the witness a question in connection with a statement made in the brief on page 12, to the effect that 140,000 starts in 1958 could be made without causing undue inflationary pressure. The first question is, by "inflationary pressure", does that mean price inflation or currency inflation?

Mr. CARON: Price inflation.

Senator SMITH (*Queens-Shelburne*): Would you care to comment as to the possibilities of currency inflation in view of the Government financing that must be done this year of almost \$3½ billion?

Mr. CARON: I am not sufficiently competent, Mr. Chairman, to answer that. I would like to put one remark in here. Those figures are the feeling