

Now I come to the question of whether the proposed arrangements will be effective. During the last few weeks there have been reports that it would take a very long time to institute the new arrangements and that even when they are instituted there will be no enthusiasm from the present group of approved lenders and the chartered banks. Current developments lead me to believe that such a forecast is quite incorrect.

Central Mortgage has already increased its branch office system to meet the new requirements and to provide a day-to-day service for every branch of every chartered bank in Canada. An inspection staff to ensure compliance with plans, specifications and minimum standards is ready to operate the day after Royal Assent to this legislation. The forms are ready, an operating manual has been prepared, and leaflets explaining the provisions of the new legislation will be available immediately after Royal Assent.

It has been said that the chartered banks are not particularly interested. During recent weeks continuous consultations have been taking place between the officials of Central Mortgage and officers of the chartered banks who will be responsible for their activity in this field. In some instances the banks have already issued instructions to their branch managers. It seems hard to believe that so much activity could be under way at the present time if indeed the banks were not anxious to participate, and participate immediately. The President of the Canadian Bankers' Association made it very clear at the Banking and Commerce Committee of the House of Commons that the banks would give the legislation a fair trial.

Discussions have also been taking place between Central Mortgage and other lenders, such as the life insurance companies. From these discussions there is no reason to believe that the new arrangement will not provide a satisfactory outlet for investment of their funds. I am sure honourable senators will appreciate that I cannot give absolute assurance on this score, other than to assure them that there is nothing happening at the moment that would lead to the belief that the legislation will not work. In fact, current developments are very contrary to rumours abroad that the legislation will not be operative until June, and then only on a limited basis.

Finally, honourable senators, it seems to me that the criterion by which the proposed legislation should be measured is the degree to which government participation in the housing field will be conducive to the needs of our country. We are a rapidly growing

country, in which resources of all kinds are being developed at a vigorous rate. The development of new, giant industrial enterprises is quite a spectacular phase of this growth. Equally important, however, but less spectacular, is the development of housing so necessary for the people who make our industrial growth possible. The major purpose of the legislation is to ensure that this country will have comprehensive housing legislation to keep pace with its economic development.

It is not suggested that an insured mortgage loan will be available for every Canadian who wants a new house. However, we do feel that the proposed legislation will ensure financing for every Canadian who wants a new house and is able to make the down payment and meet the monthly payments on the mortgage under the National Housing Act. Not only must funds be available to meet all reasonable needs of all credit-worthy Canadians, but the funds must be available on terms and conditions that meet the requirements of those Canadians. To maintain a housing program of the present magnitude we need mortgage financing of an 80 per cent to 90 per cent level, so that the down payments will be within the capacity of the average prospective home owner. Such low down payments cannot be arranged in the conventional mortgage field without government assistance. That is the purpose of the legislation we are considering—namely, an ample supply of mortgage funds on terms which will allow a house building program to fit the needs of an ever-expanding country and to make good some of the backlog of need accumulated over the war years, when our efforts were directed to other ends.

Hon. Mr. Haig: Honourable senators, may I ask a question? Could the honourable leader (Hon. Mr. Macdonald) give us an illustration of what he thinks the average house would cost, what the terms of the financing would be, and how much money a man or woman would have to earn in a year in order to be eligible to buy it?

Hon. Mr. Macdonald: Honourable senators, to answer that question would require much detailed information, such as will be available when the bill is under study in our Banking and Commerce committee. Personally, I do not know how much the average house would cost. The amount of the loan would be between 80 per cent and 90 per cent of the lending value. As I have already said, the monthly payments would be somewhere in the neighbourhood of 23 per cent of the purchaser's income. If it is twenty-three or less than twenty-three per cent the lending institution can make the loan without