

*National Housing Act*

Mr. HOWE: I cannot answer that question. I know the mortgage companies have taken over the government's interest in certain mortgages, which they could do under certain legislation, and I have no doubt they will be glad to buy these mortgages when they are brought on the same basis as mortgages in respect of which they are in the habit of lending.

Mr. MacINNIS: Do I understand from the minister that section 1 is not only an amendment to the National Housing Act but that it also amends the clause under which lending institutions can invest and lend money?

Mr. HOWE: That is correct.

Mr. MacINNIS: Is that the usual way of extending the rights they have under their charters? Is it not usual to put it in the charter itself, the statute that gives that power?

Mr. HOWE: It can be done either way. The insurance act could have been amended, but amending the housing act and conveying authority to the insurance companies through the housing act is just as effective.

Mr. NICHOLSON: I am still not clear as to why it is necessary to make this provision. During the war the minister went ahead and built wartime housing all across Canada and there did not appear to be any trouble in financing it. I cannot see now why legislation should be passed to enable the minister to go to lending institutions to help the government carry on its financing in the field of housing. Could the minister explain why it is necessary at this stage, when war commitments are smaller than they were years ago, to introduce this idea?

Mr. HOWE: I must say I cannot accept responsibility for trying to make my hon. friend understand. There is a limit to the power of explanation, but the reason is that the government is selling certain of its houses. It wishes to reduce its commitments, particularly on houses built under wartime agreements. It also wishes to use the funds obtained through the sale of those wartime units to build other units; and in order to do that, it takes the power to sell the mortgages which the government takes or retains from the purchasers of those houses. It is as simple as that.

Mr. NICHOLSON: The other evening the Minister of Finance announced a very large surplus.

Mr. HOWE: I know all about the surplus, and it has nothing to do with this bill.

[Mr. Fleming.]

Mr. NICHOLSON: I am sure you know about it; but I think the committee is entitled to more information than we have had so far as to why this is necessary. The lending institutions were not interested in building emergency housing; the government had to assume the responsibility. By and large the people who have lived in those houses are well satisfied. Now the minister is making a safe, attractive investment for the lending institutions. If that is the reason for this provision I think the minister should say so; but with the large surplus announced by the Minister of Finance, it should not be necessary to make provision permitting the government to bail out of its investment in these houses and ask the lending institutions to take over these securities.

Mr. HOWE: I have never represented that it is necessary to do so. I simply represent that it is desirable. If my hon. friend says it is not desirable then he and I must differ; that is all.

Mr. CASE: Is it intended that the government will not have any money left invested in these houses once the mortgages are sold to the lending institutions?

Mr. HOWE: Yes, Mr. Chairman, except for the pool guarantee we give on ordinary housing loans. The loans on houses which will be sold if the provisions of this bill are carried out will then be in the same position as the ordinary housing act loans.

Mr. CASE: And you have a fixed rate of interest?

Mr. HOWE: Yes.

Mr. CASE: What is that rate?

Mr. HOWE: It is four and a quarter per cent.

Mr. CASE: Would this have anything to do with Housing Enterprises, for instance?

Mr. HOWE: No.

Mr. CASE: My hon. friend says the lending institutions did not give any lead in building houses. I think they did during the war. Housing Enterprises was financed by the lending institutions in the first instance, was it not?

Mr. HOWE: No, it was financed by the government.

Mr. JUTRAS: Last year when the National Housing Act was before the house I made several representations and recommendations to the minister with a view to rendering the act more applicable in the rural portions of the country. I held then and still believe that