

Supply—Labour

I believe that housing is too important to be moved simply from department to department or to become an adjunct of one department or another. I believe a new department must be established, a department of housing and urban affairs, to administer not only the housing affairs of this country, but also the many problems which have arisen through our rapidly growing urban society.

To keep our mortgage rates reasonable, I think the government must do two things. First, it must avoid in future the tight money policy imposed on this country during the past two years, which has sent interest rates up and up. Second, the government must persuade the financial institutions of this country that they have a national responsibility in providing funds, at a reasonable rate of interest for the housing which our people need.

As I say, I am much impressed by the actions of the United States financial institutions in making funds available at 6½ per cent. If the United States financial institutions find it possible to make funds available at that kind of interest rate, our financial institutions should also be able to do so, particularly when one considers that these funds which they make available for housing are guaranteed 100 per cent by the federal government.

If sufficient funds from our financial institutions are not forthcoming to meet our housing needs it is obvious, I believe, that the gap must immediately be filled by the federal government. It is important for us to remember that those government funds which are to be used to finance our housing needs will not be a government expense and would not in any way affect taxes. You and I know, Mr. Chairman, that the government raises the funds that it needs for these purposes by going to the capital market and paying the rate of interest which is necessary to attract the needed funds from potential lenders throughout the country or, in some instances, in another country. The government then adds a necessary service charge to cover expenses and the money is made available for housing or other necessary purposes.

I believe that if the government follows what I consider reasonable and sensible suggestions in this regard and follows a course which appears to all of us to be reasonable and sensible, we shall cease moving from housing crisis to housing crisis as we have in the past years and we shall be able to provide the houses which our people need in the quantities they need them and at costs they will be able to pay.

Mr. Nicholson: Mr. Chairman, I welcome the opportunity to answer the question which the hon. member for Northumberland put as to the government's intention with regard to possible approaches to our large financial institutions for assistance in housing.

I think I made it clear in statements I made earlier in the year that we have had extended discussions with the leaders of the financial lending institutions in Canada—the trust companies, insurance companies and banks—and one company alone, one company alone is putting into the N.H.A. field, apart from its conventional lending, nearly as much on a per capita basis as the \$1 billion being put up by a group of companies in the United States. I think it should be put on record also that while I believe some of them could do more and will do more with the change in the interest rate announced last night, the life insurance companies of Canada are already putting 50 per cent of their total investment portfolio into mortgages and the trust companies are doing still better.

● (5:40 p.m.)

On a point of order arising out of what was said by the hon. member for Northumberland, may I point out, Mr. Chairman, that the figures he quoted with reference to housing starts relate to towns and cities having populations of 10,000 and over, they do not include communities of 10,000 and less. Together they are altogether different from the figures he quoted.

Mr. Hees: Then, Mr. Chairman,—

Mr. Wahn: On a point of order, the hon. gentleman asked his question of the minister after the minister had spoken. He has had his opportunity to speak and he should now let others speak.

Mr. Hees: I wish to make it clear that I used comparative figures, prepared on the same basis, for all the years I quoted. My comparisons between one year and another were therefore very fair. I used figures which had been produced for me by the Dominion Bureau of Statistics. The bureau made them available to me and they had all been worked out on the same basis year after year.

I should like to ask the minister one question based on something he said. Could he explain why there is such a discrepancy between the rate at which the financial institutions of the United States are willing to lend their money and the rate required by the large financial institutions here in Canada?