

proceedings people who did not pay could easily be dispossessed and others who would pay would move in.

I am not going to take up further time, although I do not want to overlook anything in the notes that I gave to the press.

**Hon. Mr. Euler:** I do not like to interrupt my friend, but does he suggest that the municipalities put up 12½ per cent of the cost?

**Hon. Mr. Haig:** Yes.

**Hon. Mr. Euler:** Where would they get the money?

**Hon. Mr. Haig:** Where they get it now. Winnipeg is borrowing \$4 million at the present time.

**Hon. Mr. Euler:** From the banks?

**Hon. Mr. Haig:** No, from the bondholders of Canada. They like our security. I am sorry if your town is not as good security as is Winnipeg. My city borrows very easily. Six months ago it offered to sell me some bonds which have gone up about a point since then.

**Hon. Mr. Euler:** There would have to be a change in the law as to the maximum amount they can borrow.

**Hon. Mr. Haig:** That would be covered in the legislation.

**Hon. Mr. Euler:** That would have to be done by the province.

**Hon. Mr. Haig:** Our province would do it quite easily and gladly. We have a government that just loves to help Winnipeg.

**Hon. Mr. Euler:** Maybe.

**Hon. Mr. Haig:** Let us go back to what I was saying. I asked my honourable friend the Leader of the Government (Hon. Mr. Macdonald) what a man earning \$3,600 a year could pay on the charges for a loan. Well, I want to give him a little more latitude. Let us describe the purchaser as a man earning \$4,000 a year. How can he afford to pay the interest and principal on a \$12,500 loan, together with the taxes? Why, the taxes on that type of a house in our municipality range from \$300 to \$350 a year. I have a house on a street on which all the improvements are paid for, yet the taxes amount to \$275 a year. The city evaluated it the other day at \$13,500. I think that they are a little high in that valuation, but that is only \$1,000 more than the ordinary house would cost under this legislation. I have seen in Winnipeg the \$10,500 house built by the government and it is not as good a house as mine is, by a long way. To build, it would not come within \$3,000 of the cost of my

house, which although twenty years old is valued at \$13,500, and on my house I am paying \$275 a year taxes. If you were to add to that 5½ per cent interest on the \$12,500 loan, you would arrive at a figure that I do not think a man earning \$4,000 a year can pay. At the present time his \$4,000, in relation to the value of money fifteen years ago, is worth only \$2,000. The cost of living is up nearly 100 per cent, as we all know, and his purchasing power is thereby cut down.

For these reasons I plead with the government to reconsider this whole bill. I do not think it is fair to the commercial interests of Canada to drain away from the banking institutions money needed to finance the mercantile activities of this country. Mercantile loans are of a very sizeable amount at the present time, I believe.

I repeat: in the first place, we do not want to affect the interests of the depositors; in the next place, this money should be retained for the benefit of mercantile business and the maintenance of employment.

For these reasons I personally am opposed to this bill, lock, stock and barrel. I cannot see in it one item of merit; I can see only trouble—trouble—trouble for everybody connected with it; and I plead with the government to be content with existing legislation. I concede that the life insurance companies have done a magnificent job, but they are getting near to the limit of the amount they judge it advisable to put into mortgages, so that they are transferring their interest to bonds. I observe that bonds of the Province of Manitoba which were issued to yield 4 per cent now bring a price which yields only 3.61 per cent. Bonds offered by the Canadian National Railways in January this year, and which, at the issue price of 99½, gave a return of 3¾ per cent, are now selling at around 104. Why? Because the insurance companies are in the market to build up their portfolios with more bonds and fewer mortgages. I admit that in the mortgage field the insurance companies have done well; in fact they have lent on this type of security in excess of the limits formerly permitted by the law. I am not an insurance company director, but my recollection, which may be corrected by the honourable senator from Churchill (Hon. Mr. Crerar) or the honourable senator from Waterloo (Hon. Mr. Euler) is that these companies may allocate only 15 per cent of their reserves to this type of security. Under the present bill this limitation no longer holds; but the fact remains that, in the opinion of the companies, the danger point has been reached.

The other change affects the banks. I deplore what seems to me an attack on