

in turn worked along the same road as the governments before it.

On looking at our housing legislation today from the standpoint of 50 years ago, one would be truly amazed at the developments which have occurred. I do think it is important, however, that in supporting the house building program in this country we should not overload the economy at this time. However, I am fully conscious of one fact pointed up by the Economic Council. They may not have given the figures and I did not look into the detail of their report to that extent, but I am informed that within the next five years 170,000 units of living accommodation will be required each year of those five years if we are to keep up with the demand. So it is obvious that this is a very important area of economic and social activity. I think there are imperatives involved.

Before I sit down, may I tell Senator Reid that the present interest rate charged on loans made under section 35D on public housing projects is $6\frac{1}{2}$ per cent. This is the technique adopted by the housing corporation.

Hon. John M. Macdonald: Honourable senators, I am sure that we have all listened with considerable interest to the very detailed explanation of this bill given by Senator Connolly. From his explanation it is obvious that the amendments proposed are worthwhile and deserve our support. It may well be that the amendments do not go far enough, but I think that is understandable because on reading one of the speeches of the Minister of Labour in the House of Commons, when he was discussing this bill, I noticed that he intimated that he had other amendments in mind which he hopes to introduce in the not-too-distant future. Indeed, he mentioned that this bill represents only those improvements deemed absolutely essential at the present time.

The amendment which I like most provides for the purchasing of older homes. As has been pointed out, the scheme is that loans will be made so a person can purchase, remodel or repair and occupy an existing home. This is a field which I consider needs most attention.

It is claimed that the need is most serious in the groups of wage-earners who earn less than \$5,000 per year, because for them it is not possible to build a new home costing perhaps \$15,000, \$20,000 or \$25,000. But there are many places where an older home could be purchased at a reasonable figure, and then repaired or remodelled by the purchaser and occupied very comfortably for many years to come.

I was glad to hear the leader say, so far as this type of repair or remodelling is concerned, that work done by the purchaser will be included as part of his contribution towards the cost. In many of the smaller areas at least, a purchaser together with his family or friends can carry out much of the necessary work of repair. He himself may be a carpenter, an electrician, a plumber or he may have some other trade which would be useful. We have had some experience of this in the Province of Nova Scotia.

Honourable senators may recall that for many years, going back to 1935 and 1936, the Nova Scotia Housing Commission made loans to co-operative groups. Under the original scheme six to 12 people could join together and form a co-operative association which could borrow money from the Nova Scotia Housing Commission to build these homes. A large proportion of the amount to be put up by the purchasers was however contributed in the form of labour. In each group they tried to have a person who had some skill as an electrician, a plumber, a heating man or a carpenter. Each would contribute his skill to the building of the home, with the result that the cost was kept to a minimum and the value of the work was regarded as contributing in a large part to the down payment. That scheme has worked fairly well over the years. Recently the act has been amended and the scheme has been broadened to conform to changing conditions.

This scheme should also work under the terms of the bill which we have before us. I say this because my concern at the moment is not so much for the housing shortage in the cities and larger centres, but for the shortage which exists in the smaller areas. We must remember that it is at times very difficult to get direct lending in a rural area. In fact, at times it is difficult even in some of the smaller towns. During the past year conventional sources of mortgage money have pretty well dried up. For that reason I think that this amendment to the act will be of real value. However, I feel that these people who are trying to obtain homes of their own could be further aided by the removal of the sales tax on building materials.

I understand that these provisions will be particularly beneficial to people making less than \$5,000 per year. However, we must keep in mind that this is only one objective. The second objective should be to try to get these people out of this income bracket and into a higher one. I am sure we would all achieve a feeling of satisfaction if we could reach the