

*Tight Money Policy*

market. This maximum ceiling, in my opinion, also had a tendency to encourage builders and lenders away from modest housing into middle-class development because of the profit motive for the builder and the apparent ability to repay the security for the lenders.

Added to this, of course, was the tremendous impact of large, multiple family, high-rise apartment complexes amounting to about 90 per cent in cities. Because of the size, cost of land and the luxury built into these complexes, they soon outstripped single family dwelling starts by 10 per cent and upwards. Apart from draining off badly needed mortgage money, the effect was and is to encourage lenders to put all their eggs in one basket, lessening accounting, processing, inspection costs and so on.

But the sad part of this is that because of the tremendous demand for mortgage money for the foregoing reasons, the small town, village or rural area finds it impossible to obtain funds at all. This then leads to the potential home owner seeking, but by no means always securing, mortgage funds through the participating members of the Mortgage Insurance Company of Canada, the M.I.C.C. This is expensive, in fact is often prohibitive, and excludes village or rural financing. Rates are  $7\frac{3}{4}$  per cent on amounts up to  $87\frac{1}{2}$  per cent of the M.I.C.C. valuation on a first and second mortgage, and when 2 per cent mortgage insurance plus application fee and legal fees are added this becomes difficult, if not impossible, for the local wage earner to consider.

As a result of the foregoing I recommend the following to the government:

First, that mortgages under the National Housing Act be redirected to the average home rather than the middle or executive type home, which is the case today.

**Some hon. Members:** Hear, hear.

**Mr. Hees:** Second, that insurance companies, which seek insurance business all across Canada, be required to invest mortgage funds in towns and rural areas as a duty.

Third, that interest rates be reduced to 6 per cent, thus allowing banks to participate under the act.

Fourth, that the government set aside each year sufficient funds to meet the estimated requirements for the year under the act, which would be a marked increase over the amount it is making available today, so that builders may plan for a full year's operation

[Mr. Hees.]

and not be restricted in their operations as they are at the present time.

Everyone in this house knows of the restrictions that have been placed upon builders trying to carry out their normal operations. I do not need to go into that in detail. We are all familiar with it in our own constituencies. It remains clear and obvious that the government should greatly increase the amount of money available for this purpose so that the normal building of homes for Canadians who desire to become home owners can go on as desired.

I believe that if the government will adopt these changes the achievement of our very worth-while objective of making Canada a country of home owners will be greatly accelerated. I think we all agree there is no finer move we as legislators can make than enabling as many families as possible to own their own homes, particularly those homes which families with modest incomes need and desire.

**Some hon. Members:** Hear, hear.

**Mr. Hees:** Nothing builds up a family better than keeping its members together in their own home. Children who are brought up in such homes grow up far better citizens than those whose family interests are not concentrated in the home to such a great extent. I believe we would all agree that anything we can do to make this worth-while objective a reality is something we should lend our efforts to in every way we can.

In conclusion, Mr. Speaker, I strongly urge the government to withdraw the tight money policy which it has imposed on the country, and thereby enable our businessmen, our farmers, our builders and our other producers to carry out their normal plans for expanding their production. If it refuses to do so it will follow the pattern it set in the latter half of 1956 and the early months of 1957 and a business downturn will definitely follow just as it did at that time.

If the government does take this advice and makes it possible for our producers to obtain the credit they need to expand production and thereby lower costs and become more competitive, the prosperity which was made possible by the constructive policies of the Conservative government at the beginning of this decade will continue for the benefit of all Canadians.