that in the inevitable competition for the limited number of NHA loans being made by private lenders, families of modest means were finding it increasingly difficult to get financing.

I may say that, the supply of mortgage funds being limited, the lenders were able to select their borrowers with a little more care, and they were able to select a higher income group than they might have normally. It was in these circumstances that the Government last September announced the small loan programme.

Another factor in the Government's decision to broaden the Corporation's lending activities was its concern about the employment situation in the building trades. Whenever the volume of mortgage lending drops, the cutback in employment tends to be small for a time. Work continues on houses that have already been financed and are under construction. But, if the shortage of money continues, men are laid off as the houses are completed and the volume of building falls.

Work in the industry has always been extremely seasonal because of the difficulty and expense of carrying out certain building operations in the winter. It seemed, therefore, that because of a combination of circumstances an undue reduction in building operations might occur during the latter part of 1957. The Government's action in stepping up the rate of federal lending was therefore prompted on two scores.

Central Mortgage and Housing Corporation is expected at all times to have a full and complete knowledge and understanding of housing conditions. It then has the responsibility of advising the Government on the outlook and wether or not there will likely be sufficient mortgage money available from private sources to maintain any particular volume of new house building. However, the decision to enter the mortgage market on a large scale to make up an anticipated deficiency and, for that matter, any decision relating to the size of the housing programme considered necessary, must lie with the Government.

It is not enough merely to encourage the construction of new housing. It must be built in the right place and at a price that prospective home-owners can afford. This is the problem of distribution and it is equally true of rental accommodation.

The Corporation's actions have no direct effect on the type of housing built and financed outside the National Housing Act. But the terms and conditions on which the Corporation undertakes to insure and make loans, as well as the conditions under which the Federal Government invests money in public housing, do determine the type of housing built under the Act. By these means, the government can bring its influence to bear on sizeable proportion of the new residential construction built in any year.

The National Housing Act, 1954, was introduced primarily to assist middle income families to meet their housing needs—either by enabling them to acquire a home of their own or by providing rental accommodation they can afford. There is nothing in the Act to prevent Canadians with higher incomes applying for NHA loans. Some have, in fact, done so. The vast majority of higher income persons have, however, found it suits their interests better to finance their housing through conventional loans. As I mentioned earlier, the maximum NHA loan is $12,800. There is no maximum loan amount for a conventional loan. Even though some lenders cannot make conventional loans exceeding 60% of the value of the property, such loans can, and often do, exceed the NHA maximum if the value of the property is high enough.

Unfortunately, there are families that do not qualify for NHA loans because their incomes are too low. The Corporation therefore encourages private enterprise to build low rental accommodation by providing loans to limited-dividend companies. To provide for families at even lower income levels, the Federal