

making this type of loan. The Government felt, and I believe wisely, that a Government guarantee would have the effect of providing needed funds so that the many homes in Canada which needed improvement would have ready financing to effect such improvements. This legislation was an unqualified success. The banks lent the authorized \$50 million in a period of less than two years. For all practical purposes it might be said that the total losses under the Home Improvement Loans Act were something of the order of one-quarter of 1 per cent. So successful was this legislation that when the National Housing Act was rewritten in 1944, Part IV was included. It is almost a re-enactment of the Home Improvement Loans Act of 1937.

During recent months the question has been asked on a number of occasions why the Government does not proclaim this section. I think all of you would agree that up to fairly recently, it would have been most unwise to have done so. Your industry, which incidentally is the one probably most interested, would have been the first to agree that you were having a hard enough time finding plumbing and heating equipment to look after our supply of new housing, without being further burdened by an extra demand created by the proclamation of Part IV of the National Housing Act.

Lack of materials ceased to be the important reason for non-proclamation just about a year ago. However, by that time another very real difficulty had arisen. The Government (and, again, I believe wisely, and events have proved it so), felt that steps should be taken to restrict the continued expansion of credit. I need not remind you of the steps which were taken. But you will appreciate that while these steps were being taken, it would have been most contradictory and unwise for the Government to proclaim Part IV of the Act. This would have had the effect of increasing pressures upon the country's credit structure at a time when the banks were in a tight cash-position. Moreover I think it is rather doubtful if proclamation of this part of the Act would indeed have brought forward loans from the chartered banks for home improvement.

Although the Government has relaxed most of the measures taken to prevent the continued expansion in the supply of credit, nevertheless it is felt that there are enough elements of the danger of an over-expansion in credit to justify the Government in a continuation of its policy for the time being of non-proclamation of Part IV of the National Housing Act. The policy, therefore, is not to proclaim it at the present time but to keep the situation under continuous review so that proclamation may take place when it appears in the national interest to do so.

...Before leaving this subject, I should like to make one more observation. It will be recalled that in 1937, when the Home Improvement Loans Guarantee Act came into force, the chartered banks had not been in the habit of making this type of loan. However, with encouragement from the Government, the chartered banks had a very fine experience and as a result, even without the benefit of the Act, this type of loan continues to be made by them to their customers. Therefore, I have a feeling, that even if Part IV were proclaimed, one could not look for the spectacular amounts of money to be lent under its