

Rosetown (Hon. Mr. Aseltine) that the date of termination might well have been one year hence. No new legislation would have been necessary; only a resolution before July 31 next year by the two houses to continue the statute in force for a further period. Over long years in this house we have found this restriction a pretty good one. Remember the moment this bill becomes law a bureaucracy will be built up to put it into effect. I do not say that this is not necessary; but the tendency to continue such an organization indefinitely is one which exists, and will have to be carefully watched. I agree with what the Minister of Finance said the other evening when he was dealing with the question of controls. He struck a high note, a key-note of sanity, the best I have heard in all the speeches he has delivered since he came into office.

For the past three or four years the Government of Canada has released to the people of Canada credit on a scale never approached at any previous time. Let me illustrate. It may be said, "Well, there was necessity for it". That may be so, but let us discuss for a moment what the government has done. Under the National Housing Scheme the government loaned such large sums of money that during the past six or eight months persons building under the N.H.A. could acquire houses for extremely small down payments. This had the effect of releasing credit in a tremendous way. I am not arguing that our people were not in need of these houses, but I am concerned about the credit aspect of the question.

Another thing the government did was to tell the banks they could lend money to farmers to enable them to buy trucks, tractors, swathers and other farm machinery. The government guaranteed 15 per cent of the total loans made by the banks, but did not guarantee the individual contracts. In other words, if notes were not paid on \$15 million of a total loan of \$100 million, the government would pay the \$15 million. This scheme also had the effect of letting loose millions of dollars in Canada. Again I am not arguing that our farmers were not entitled to receive any credit, but I am concerned about the extent of that credit.

Then the government reduced the interest on Dominion Government bonds to 2½ per cent. The honourable senator from Toronto-Trinity (Hon. Mr. Roebuck), in answer to a question by me, said that if the government increased the return on bonds to 4 per cent a lot more of them would be sold. Later the honourable senator from Toronto (Hon. Mr. Hayden), argued that this would increase the cost of living. But it does not do that. It would affect those who pay income tax, but the cost of living of a young man who is

supporting a wife and two children on an income of \$2,400 a year would not be increased, because he does not pay any income tax.

**Hon. Mr. McKeen:** What about sales taxes?

**Hon. Mr. Haig:** They do not come under this bill, but I warn my honourable friend (Hon. Mr. McKeen) that if this sort of thing continues he will find out when the next budget is brought down just how important income tax is in the tax structure of our country.

**An Hon. Senator:** We already know it.

**Hon. Mr. Haig:** Honourable senators, the three factors I have mentioned have increased the spending of money in this country no end. It might be political dynamite to cut off credit to the farmers, so that they could not buy expensive farm machinery, or to curtail loans on housing projects, or to pay 4 per cent on government bonds; but I maintain that if these things were done they would result in the saving of more millions of dollars than will be saved under this legislation.

My honourable friend from Vancouver South (Hon. Mr. Farris) recently said that if I had any solution to the present high cost of living problem I should offer it to the government. Again I say that this is not my duty, but I will say that the crux of the problem is the expenditure of vast amounts of money. For instance, I was told in one of our standing committees last year that the profits made under the National Housing Act were turned over to the government. Perhaps that is true. But how were those profits made? When the National Housing scheme was set up the government transferred to the distributors under the Act \$140 million worth of housing which it had built in this country during the war.

**Hon. Mr. Aseltine:** How much did they pay for that?

**Hon. Mr. Haig:** Not a nickel. They promised that the net profit made every year would go to the government as payment on the housing they took over, but there is no way for the National Housing people to show a profit until the \$140 million worth is used up. Houses were built in the vicinity of military camps and war plants between 1942 and 1944, when building costs were about one-half what they are today; therefore considerable profit was made in the sale of these houses. I am not criticizing what was done, but I am saying that it let loose on this country millions of dollars of credit which was used to purchase goods, and that consequently the price of goods went up.