

Interim Supply

The hon. member for New Westminster on the same date asked whether the minister would undertake an immediate review of the effects of the monetary and fiscal policy of increased interest rates and so on and the minister merely answered with the old standby that the effects of government announcements are always under review. Then the member for Regina City asked the minister what measures the government had in mind to help in case the optimistic predictions of the minister should not be borne out by the facts and the minister replied to the member for Regina City, as reported on page 1055 of *Hansard*:

We shall cross that bridge if we reach it.

My contention is that we have not only reached that bridge but we are down in the muck and the mire now, and the government is not willing to get us out of it. The Minister of Citizenship and Immigration I believe has forecast that we expect 200,000 immigrants to make their homes in our country this year. Added to that fact I think we have some 80,000 new family units formed each year and in addition we still have many slum areas in Canada and many houses which are too old and should no longer be in use. Yet the government seems perfectly happy to see only some 80,000 new homes built this year, an amount less than half the number which ought to be built.

On February 12, the hon. member for Nanaimo asked the minister or asked the government whether they had noticed a report that while house construction was down by 18 per cent as compared with a year ago commercial construction showed an increase of 16 per cent and what measures was the government taking to reverse the situation and assure us that our former high rate of new home building would continue through 1957. He received the same type of brush-off that many of us have been receiving since the commencement of the current session. Then on March 14 the minister was asked during orders of the day if there might be some way by which the government might obtain the release of \$200 million for the purpose of building homes. The Minister of Finance, and this was the day of the budget I believe, decided that he had better not answer that question at that time. I looked in vain in his budget speech, I think on the same evening, for some welcome announcement, but the needs of housing were completely ignored.

Finally, some days later there was an announcement by the chartered banks of Canada that they would this year make available \$160 million for the building of homes. Now \$160 million will supply the needed

mortgage money for only 16,000 new homes at the most. We have in past years, through the auspices of the N.H.A., built as many as 40,000 new homes. So if we wanted to maintain in 1957 even the standard of, I believe it was 1952 or 1953, when 40,000 new homes were built under N.H.A. auspices, we would need a minimum of \$400 million and not \$160 million.

The Minister of Public Works on March 29 said that I was assuming that this was the only mortgage money being made available for building new homes in Canada and that there would be other sources. I should like at this time to remind the minister that while it is true there used to be other sources for mortgage money, the situation being what it is at the present time in Canada, the chartered banks of Canada and the N.H.A. are about the only sources of mortgage money for those who want to build a new home and do not wish to pay interest rates in excess of 6 per cent. I am fully aware of the fact that those who wish to pay 8 per cent and 9 per cent are still able to go to insurance and mortgage companies to obtain the necessary money but that places the price of the homes way beyond the reach of the average wage earner in Canada.

I mention this for another reason and that is that the lack of action on the part of the government leads to the development of very serious racketeering in the financing of new homes in Canada. Even out on the Pacific coast, and I know this also applies to the city of Ottawa, we have racketeering in second and third mortgages. In the first place a man who has not an adequate supply of mortgage money is usually charged from \$500 to \$1,000 more for the home than he would be charged if he had an adequate supply of money. This \$500 to \$1,000 is added to the price of the home before he begins to do any business at all. Then he may have to go and obtain a second mortgage. I have seen documents very recently, one in the city of Ottawa, where the sum of \$600 has been added to the amount of money actually received by the borrower. It is called a bonus, if you like, but it is still \$600 added to the mortgage on the home. This man has a second mortgage of \$3,000 and yet he is forced to sign a document for \$3,600 and then to compound the evil he is asked to pay 8 per cent or 9 per cent, not on the \$3,000 which he receives but on the \$3,600.

That was one of the reasons why we in this group introduced an amendment to the Interest Act whereby we attempted to ensure that no one in Canada should be permitted to charge an interest rate, including bonus, in excess of 12 per cent per annum.