

on a number of factors. It depends on the extent to which our good friends the Chartered Banks go into the mortgage business; it depends on the point, as raised by Senator Crerar, as to how much money comes in from other countries to go into mortgage business in Canada. If it was left purely to our member companies there would not be enough money, and some money would have to come from other sources.

Senator ISNOR: The basic reason would be the prosperity of the country.

Mr. LEMMON: That is right.

Senator ISNOR: Or the reverse.

Mr. LEMMON: When the demand for money exceeds the supply then something has to give.

The Acting CHAIRMAN: But there is a continual return of payments.

Mr. LEMMON: Yes, Mr. Chairman. I have allowed for those. As I pointed out in the brief, we have invested all of those repayments in mortgages. We invested a substantial percentage of our income and assets in mortgages, but if it were left to our member companies without outside sources of mortgage funds, there would not be enough for 140,000 or 150,000 starts a year.

The Acting CHAIRMAN: To refer to what Senator Smith has said about Government financing, as I understand it from your companies, you believe, this will eventually make for stability of interest rates by placing these on a long-term basis.

Senator SMITH (*Queens-Shelburne*): I was not referring to this scheme that is now being started; rather, I was referring to deficit financing of all Governments in these times. What I mean is, they have to get new money, and the demand for new money is going to be pretty heavy, so I am given to understand.

Senator HAIG: The rate of interest will take care of that; people will take their money out of other investments and put it where the income return is best. These companies here do exactly that, no more and no less.

Senator SMITH (*Queens-Shelburne*): What you are saying is in your opinion the interest rates will rise?

Senator HAIG: I think, if you are right in what you say, the interest rates will rise; if we have a good crop and there is an increase in world trade, if the United States gets back on her feet, and Britain and Europe are able to get out of this war hysteria, then there will be money for business distribution and we will be in the market. We have not been able to sell our wheat, oats or barley; we have been tied up. Once the market is moving again, then money will come in as it did before. In the meantime, we have to decide to do, as Mr. Lemmon has quite properly said. We may have to take care of 140,000 housing starts next year and each year in order to keep people in that line of business employed. There is nothing as good for employment as house building; it takes care of more diversified industry than any other operation. It gives assistance to many different types of occupation. I speak with some knowledge, for I was in the building business for ten years. I know about it. We built a tremendous number of houses in Winnipeg and we had no trouble at the start in getting money. Any of the loan companies would lend us money, but towards 1930 when the world started to feel the pinch our sources of lending money started to diminish. Valuations were down and the amount of money available for lending on housing was reduced to a minimum, with the result that we had to put up more of our own money to finance operations. Finally, by 1929, my partner and I decided that we could not carry on this kind of building business any longer and we decided to quit. I think the same thing applies here. I am in favour of the present policy of definite financing to a certain degree, but I say that there may come a day when we