

**Hon. Mr. Haig:** I agree with the honourable senator from Waterloo (Hon. Mr. Euler), and I shall have something to say about that later. The point is that the government is now asking the banks to lend money for this purpose.

Let me state another fundamental principle. Since 1867 every government in this country, whether Liberal, Conservative or Union, has refused, whenever the Bank Act has been revised, to authorize banks to lend money on real estate of any kind.

Yesterday the Leader of the Government (Hon. Mr. Macdonald) said that United States banks got into trouble because they made big loans. Their trouble did not arise from that circumstance at all, but because they lent money for real estate purposes every day of the week.

**Hon. Mr. Macdonald:** Not residential.

**Hon. Mr. Haig:** Residential and every other kind.

**Hon. Mr. Macdonald:** That is not the way the American banks got into trouble.

**Hon. Mr. Haig:** They lent money on the basis of \$125 an acre in Iowa, at double the land value in Chicago, on city blocks in Minneapolis. It was the same thing all over the United States. I know something about lending money on houses and other real estate, having spent a large part of my life in a law office which dealt largely with real estate. I do not know so much about real estate in British Columbia, Ontario, Quebec or the Maritime provinces, but I take second place to no man in Canada in the matter of understanding real estate in the Prairie provinces. My knowledge of real estate extends to transactions involving private dwellings, office buildings and farm construction for grain or cattle. I have been tied in with all this business, and, to use a slang expression, I have not yet lost my shirt—though I nearly did so on several occasions.

About five years ago a real estate organization in Winnipeg was addressed by the director of an American committee on real estate which had been carrying on an exhaustive investigation with respect to the evaluation of housing. He related that the records for the last 150 years had shown that property values in his country had consistently reached their highest mark and lowest mark in a cycle of eighteen years. The high mark of the cycle had been reached in nine years, and then prices had begun to drop with the low point being reached in the next nine years. He said that two or three factors, such as wars or national catastrophes, might have caused a variation

in that cycle, and he said that it never goes back as low as the point at which it started up, and that it always goes up a little higher than the point it reached before. In other words, if the lowest-priced house cost \$1,000 and went up to \$6,000, it would not come back down below \$1,500. And the next time prices went up, instead of the price of this house stopping at \$6,000, it would advance to \$7,000. If the record is examined, it will be found that there is a similar cycle in Canada. It usually is not operative during a war, of course, because an emergency of that nature often breaks a link in the chain, through government interference in loaning schemes, and so on. For instance, in 1950 lots of people said we were faced with the threat of a depression in this country. Then came the Korean war, and things started to boom again. That war would have stopped the trend of real estate values if it had been on the road down, but after the war the cycle would operate the same as ever.

Honourable senators, I am persuaded that practically all the people with capital enough to buy houses have already bought, although there may be individual exceptions. And remember, besides the capital needed to buy a house, there has to be an additional amount for furnishing it. I think the people without capital should have rental houses built for them, and the only solution in that regard it seems to me, is the one that has been suggested in my province: 75 per cent of the money to be provided by the dominion government, 12½ per cent by the province and 12½ per cent by the municipality, that the money be advanced at a certain low rate of interest, and that the city manage, rent and take care of the property. That is the only hope for that class of people who want a house to live in and cannot afford to buy one. I lived through the depression, from 1929 until pretty close to 1939, when the war broke out, and I saw houses in the city of Winnipeg classified by the government as houses for the unemployed, with a rental of \$16 per month, which today are renting at \$75. The \$16 a month did not even pay for the taxes or the insurance on the property. The same thing was true in Brandon and Regina, and no doubt in Toronto, Montreal and other cities. That situation prevailed for three or four years; and today those very houses, which were valued even after 1940 at, say \$5,000, are selling now for \$12,000. I may be wrong, but it does not seem reasonable to me. So much for the housing proposition.

I come now to the banks. It is suggested by the government that plenty of money is available in the banks, so why not go and