

**Housing Policy in Canada
Lecture Series: Number 1**

**"Programs in Search of a
Corporation: The Origins of
Canadian Housing Policy
1917-1946"**

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Canada Mortgage and Housing
Corporation
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Not many people outside the Canada Mortgage and Housing Corporation recognize its profound impact on Canada. Let me give you some quick facts. It manages about half a million assisted housing units, laboriously built up over the last 40 years. Whatever its defects, my feeling is that Canadians would be ill-served if it were not for that housing stock which we are jealously protecting.

As a company we have assets of about \$10 billion. We deliver, on behalf of the government, \$1.6 billion in housing subsidies a year. Through our insurance program we have \$39 billion of insurance in force.

One out of every 4 housing units in this country was built with the benefit of CMHC financing one way or the other. As you walk down the streets of this city, every fourth house has our stamp of approval on it. So I tell the staff that we have touched the lives of Canadians in a more personal way than some of the other great national institutions like the CBC or Air Canada. These Crown corporations brought the country together across our vast geography, but our corporation touches people's lives where it counts the most. It provided housing and it built the urban landscape of Canada. That is a great record of accomplishment. That is why I am proud to be the President of this great institution.

I want to thank the Schools of Community and Regional Planning and Architecture and the Centre for Human Settlements for sponsoring this series of lectures. It comes at an important time for us.

We want to talk about housing policy in Canada because, with little having been written, its history depends on oral tradition. Few people know the origin of housing policy in this country, and they are disappearing. The time to assemble that history is short, but it must be done because it will serve Canadians well for the future to know that the federal government has, and always will have, a role in housing.

When Canada became a confederation there was no Canada Mortgage and Housing Corporation. There was no national housing policy. In fact the notion of a housing agency or national housing policy did not arise until many years after Confederation. I think it may be worth contemplating for a minute the reasons for this apparent neglect on the part of the Fathers of Confederation.

There were two reasons that there was no national housing policy in 1867. One was that we shared roughly the same housing circumstances. People reflecting on a youth of poverty often remark that they did not realize they were poor because everyone around them was poor too. Our housing situation at Confederation was like that; we were a rural people spread over a very vast land. We shared the same--if you will excuse the expression--crummy housing: sod huts, log houses, shacks. Everybody being roughly in the same circumstance, few thought they were disadvantaged.

Governments of the day, of course, were nowhere as interventionist as they are now. Until they discovered income tax, they had no money. So they weren't inclined to poke around in areas where it could cost money to rectify problems.

Culturally, we didn't believe we should help the less fortunate. At Confederation if people were in financial trouble, there was a common moral feeling that their plight had nothing to do with the socio-economic system; it had nothing to do with the class system. They were moral degenerates if they were out of work or unemployed or unable to take care of their family.

And you have to remember too that Confederation, though we extol its virtues today, was basically a business deal among a group of provinces; it was an economic pact that had nothing to do with social policy as we now know it.

So in simple terms we didn't have a national housing policy because no one thought we needed it. Certainly under the British North America Act there was little leeway for federal involvement, but as you will see in the course of these lectures, constitutional law and political circumstance are not always easy partners.

It took a while for this narrow view of the role of the federal government to change enough to see the first real evidence of housing policy in Canada although there had been a local housing commission in Toronto before the First World War.

The federal government became involved in housing in a unique way. A cataclysmic event precipitated its intervention. At 8:45 on the morning of the 6th of December of 1917, Halifax suffered the most devastating explosion of Canada's history when a ship loaded with munitions blew up in Bedford Basin. It is hard for us to imagine the reaction that this caused across Canada: the horror with which people looked on the death of more

than 1600 people or the flattening of a familiar city. Canadians came forward in a spirit of compassion, the same spirit they showed in Edmonton recently with the tornadoes. They started to give aid, and they said to the federal government: "What are you prepared to do?" What the government did at that time was set up an institution known as The Halifax Explosion Relief Commission.

The government's response at the time was justified not so much by the event itself as by the fact that the disaster could be linked to the consequences of war. It was under that rationale that the government got into housing: under the War Measures Act. The main relief effort was composed of a \$30 million pension fund that was set up to help victims and survivors of the disaster. And to enhance the capital in this fund the money was invested in housing. Thus the federal government was involved in housing.

The fund trustees did an excellent job of getting housing at a very low cost; it was exempt from all forms of taxation, federal, provincial or municipal, and they coerced the unions and the contractors into giving them the materials at cost. The resulting housing was known as the Hydrostone Project and was finished about 1920. Today it is protected by heritage designation.

The buildings were occupied by explosion victims, but there was no rent relief. Market rent was charged to all of these people. So the profit margin from all this cheap housing went not to reduce rents but to enhance the capital in the pension fund. As a result, by 1923 about half the units in this project were vacant because people couldn't afford to live in them. The commission continued this policy until about 1948 when it got

fed up and decided to sell the housing. The residents never really did benefit from low rents. This was not an auspicious beginning to the federal government's involvement in housing.

But the Halifax explosion left another legacy in the person of Thomas Adams. Adams was a British planner who had been at the forefront of what some of you will know as the garden city movement in Britain. In fact he managed the first British community built by the Garden City Pioneer Company. Sir Clifford Sifton brought Adams to Canada just before World War I to act as a consultant on the newly established Commission on Conservation. Sifton had been in Europe where he had seen the results of the industrial revolution and what happened to cities with unplanned urban growth. He made up his mind that we ought to do something in Canada before events overtook us.

The Halifax explosion provided Adams with a real place to demonstrate his ideas. The Hydrostone Project, which is a huge project - 326 buildings in 10 parallel blocks on 24 acres - represents classic garden city planning. More than that, Adams had easy access to politicians. He became an eloquent advocate for federal involvement in housing and community planning.

Throughout the history of housing policy in Canada this personal access and the imprint of personality on policy has had a very great effect. We don't often acknowledge the role that the individual has played in the development of policy. Some may think that policy is created in a rational environment. That is not always true. It often happens in crisis; it sometimes happens in the back of taxi cabs; it can happen for the wrong reasons.

On July 9, 1918, Adams addressed a joint meeting of the Civic Improvement League of Canada. He stressed that housing was the most urgent question of the day. Because of the war, the private market was largely unresponsive, little private capital was available for housing, and the cost of building materials and labour had soared. Adams therefore argued that we must have recourse to government aid: "The federal government is the authority under the War Measures Act, and housing workers is a war measure; therefore this is primarily a matter for the federal government."

Now this is very creative thinking, although for practical purposes the federal government remained largely unresponsive. It was in the middle of fighting a war; it didn't have a lot of money; and it considered housing to be a provincial responsibility under Section 92 of the British North America Act. Nevertheless we begin to see in this period the change in attitudes towards housing coincident with the urbanization of Canada. No longer was the idea of government intervention in housing dismissed. Politicians were arguing about who had the constitutional responsibility. Sir William Hearst, Premier of Ontario at the time, was becoming particularly vocal about the need for the federal government to become involved in housing. Housing and urban congestion were discussed at a series of Dominion-Provincial meetings towards the end of the war. It dawned on governments that soldiers were coming back, and somebody had to do something to house them.

A Dominion-Provincial Conference was held less than two weeks after the Armistice. It brought strong pressure on the federal government to do something about the housing situation. So here we have an interesting paradox. We have the federal government telling the provinces that it was their responsibility to do something about housing. We have the provinces and the

municipalities turning to the federal government saying "You have to come in because this is a national crisis."

We are going through the same debate today on the question of municipal infrastructure. The federal government is saying we were there once, but we don't have any more money. Therefore it is not appropriate for the federal government, given the deficit, to get involved in the big expenditure programs on municipal infrastructure and it is not a constitutional responsibility for the federal government. Municipalities and provinces, of course, are exhorting us to get back in because the federal government has the large scale expenditure capacity. Thus this debate isn't new in the Canadian context.

The federal government was persuaded to act at the end of the First World War and devoted something like \$25 million in loans for housing. That was a significant amount of money in those days. Even then, though, the government didn't wish to risk a constitutional debate in Parliament on this question by introducing new legislation. They resorted to the device of an Order-in-Council which was thought politically safer, even though at some later point Parliament would have to vote funds for the Order-in-Council. In introducing the motion for funding in Parliament, the President of the Privy Council again outlined the special circumstances that war had brought including, as he said "the importance of providing employment."

All of a sudden we hear this term employment starting to creep into the housing debate on the grounds that housing would "really add to the national wealth and strength of the nation for the many men who might be thrown out of employment through the cessation of war." We start moving from the war to unemployment and employment as an issue that the federal

government thought was important. When this request for money was tabled in Parliament, the opposition to it was only token. With the provinces and the municipalities exerting constant pressure, and the object of expenditures being war veterans, nothing was likely to stop it.

The records shows that this first national housing program lasted from 1919 to 1923. But it really began to lose favour by 1921 when there was a change of government bringing Mackenzie King to power. The program by that time had seen better days. The coolness of the federal government might seem surprising especially in the light of Mackenzie King's carefully cultivated image as a social reformer.

Part of the trouble was the persistent federal zeal in linking the housing program to the crisis of war. Perhaps the government in the closing days of 1918 had moved too quickly under pressure of the Dominion Provincial Conference. It readily gave the housing program an acceptable political rationale without taking time to think through the extent to which it could be, or should be, used as a turning point in federal philosophy. By being so closely tied to the necessities of war, the program lost its own defence when the war ended. Also the political climate changed; in time of war the population was ready to welcome government intervention in all sorts of fields. The pendulum was almost bound to swing the other way with peace. After the Second World War, for reasons I will talk about in a minute, the swing of that pendulum was relatively gentle; government activities never did return to anything like antebellum boundaries. But after the First World War there were very strong pressures to put private enterprise back on its throne. Government involvement in housing was one of the casualties of that view. So was Thomas Adams; he got fed up, got on a boat and went back to Britain.

The 1919 program did have some success - 6200 dwelling units were built in 179 municipalities. But the program was attacked as being inefficiently administered and very wasteful. From here on in, the resolve seemed to be that the private market would be relied upon to build housing. But the private market, as might have been expected, did not build houses for exactly the same class of people that the 1919 program had; the target was the confident and affluent new middle class, at least until 1929 when it lost both confidence and affluence.

In 1926, 36,000 housing units were built in this country. However, the demand outstripped even that supply. And if any of these 36,000 housing units did anything to alleviate the growing urban slums in this country, it was very little, very indirect, and very unintentional. And so, when Canada entered the depression, it had a serious housing problem, masked by the apparent vigour of new construction.

The housing problem, as you would expect, soon became visibly more dismal. By 1933, new housing starts had plummeted - they were less than a third of the level of 1929. Mortgage lenders were extremely nervous. They saw property values falling; they saw no end to depression, and to make things worse, municipal taxes continued to go up because municipalities were saddled with most of the country's bill for welfare.

With the depression, municipalities became eloquent and political; they weren't any longer simply creatures of the province. A vigorous and new national organization was formed in 1937 by two emergencies which united the municipalities of this country: welfare and housing. The cost of welfare was crippling municipal tax payers. And the municipalities lobbied

hard for housing help on the basis of studies done in the early thirties in Halifax, Montreal, Toronto, Ottawa and Winnipeg.

Two of these studies were particularly influential: one was the 1934 report for the Bruce Commission in Toronto, and the other was a 1935 report on housing and slum clearance in Montreal. Despite some voices in Parliament decrying federal intervention in housing, Prime Minister Bennett deferred to the growing public pressure for action during this period by appointing a special committee on housing, headed by New Brunswick businessman Arthur Ganong. The Committee was given a mandate to review the possibility of establishing a national policy on new house construction, reconstruction, and repair. So all of a sudden, we were starting to worry about not only new construction but about the existing housing stock.

Again the government was sliding into housing policy for ulterior purposes. In 1918, housing was a war measure; in 1935, housing created jobs. That's what Canadians wanted, more jobs. Either way, if the government decided to do something about housing, it could maintain that the unusual prevailing circumstances on employment were not a precedent for a long-term housing commitment.

So the government got in, but always on the basis that it had an excuse to get out: if the unemployment rate dropped, war ended, whatever might happen, it could back away. In less than two months, the Ganong committee concluded that the need for federal action was urgent; it recommended a national housing authority to ensure the provision of employment. Like the Bruce Commission before it, the Ganong Committee implicitly rejected the notion that housing was only for temporary and special emergencies.

So this Committee for the first time started looking beyond short-term problems. It urged permanent financial institutional arrangements to solve serious and deepening social problems amongst the poor whom market forces had not helped. The federal government would give continuing financial and administrative support, establish standards, support new housing, clear slums, direct help to those most needing it. This was heady stuff - it broke with all precedent and tradition in federal attitudes to housing. It seemed to be giving government a vigorous shove on the way to policies which would eventually establish the post-war Central Mortgage and Housing Corporation.

If the government was moved, however, it was not quite in the direction or with the speed the Ganong Committee had in mind. Without waiting for the report, the government instructed W.C. Clark, the Deputy Minister of Finance, to start drafting what would become the Dominion Housing Act of 1935. Either from political direction or personal conviction, he went back to the idea that a housing policy should concentrate essentially on the immediate emergency problem of using housing as a stimulant to business recovery and, in his terms, "as an absorber of unemployment". Appearing before parliamentary committee, Clark stated the principles on which the Housing Act was to be based. Always anxious to protect the public purse, he argued that housing should be used only as a short term implement to stimulate unemployment. He emphasized that government should not commit itself to long term expenditures in this field, since this "would have a negative effect on the housing market".

The resulting Dominion Housing Act was introduced in 1935 on the eve of national elections in which housing and unemployment would be the major, national issues. One of its main provisions was a housing study to be undertaken by the Economic Council of Canada. The Bill also authorized the Minister of Finance to

join with a lending institution or local housing authority to make loans for the construction of new houses, but not for the repair of old ones.

So for the time being, the notion of doing something about the existing housing stock was abandoned. The Act did not establish a national housing agency, even though one had been discussed during debate. In fact, the government so suddenly downplayed its own initiative, that Sir George Perley, when introducing the legislation, said that it was not a housing act, despite its title. It was an act proposing to study the housing problem, an act to meet some measures of the immediate problem of unemployment. Well, whatever Perley might say, the Dominion Housing Act was a milestone on the road to a national housing policy; at the very least, the bill demonstrably broke new ground in introducing the concept of blended payment mortgages and longer amortization periods.

Although the opposition contained its enthusiasm for the bill, as one might expect, it was not, on the other hand, especially critical. Its main warning was that it would not meet the Minister's objectives for employment, house construction, home ownership by the poor. As you know, the opposition was right.

Newly re-elected Prime Minister King decided that he wasn't going to toy with this housing act; that maybe he'd give it a fair trial. But the fair trial in some respects found that the Dominion Housing Act of 1935 was wanting. Lending institutions were unhappy because the Act capped the amount they could charge on loans at 5%. With no branches of lending institutions outside the cities of this country, it didn't serve our vast rural population. It required a 20% down payment which largely

excluded low income groups. By 1938, only about 5,000 homes had been built under the Dominion Housing Act.

The government started tinkering again when it saw that the act wasn't working well. In 1937 it introduced the Home Improvement Loans Guarantee Act. We just wound this up last year. At last loans were made available for renovations, so somebody got their point across in the back of a taxi cab or whatever. But again, the program had only limited success.

The first National Housing Act came in 1938. At long last after this experience, the federal government began to acknowledge that federal assistance was needed to provide adequate housing for its own sake, not just to prime the economic pump. And from this act, the National Housing Act, 1938, we begin to measure the formative years of federal housing policy.

Part one of the act re-affirmed the old act, but it raised the amount available for loans to \$20 million, a significant sum. It improved but did not solve the question of access to benefits for families living in remote areas. And the Act created the first modest management unit.

This lending provision in the National Housing Act was much more successful than the 1935 version of the Dominion Housing Act. In 44 months, there were 15,000 loan applications made. The amount of individual loans started to decrease, an indication that lower income earners were using the Act. The Federal government put in about \$30 million with the provision that municipalities had to lower their property taxes to one percent during the term of the loan. It didn't work. Provinces didn't pass legislation to allow municipalities to lower their taxes.

Elsewhere, administrative problems arose. Some of the projects that got underway abruptly ended when the war started.

Part three of the act was a part of the historic record, a tax compensation measure. If municipalities provided building lots for \$50, the federal government would pay taxes on those units, provide that the total price of the house was less than \$4,000. So there was a time in this country when you could buy a building lot for 50 bucks and you could build a house for \$4,000.

Although the outbreak of war in September 1939 suspended building under the National Housing Act, it still was a national housing policy landmark. It proved the federal government could stimulate housing construction, and committed the federal government to a housing role and a housing policy into the indefinite future, once peace returned.

One more piece of important legislation came just before the outbreak of war. This was the provision of the Central Mortgage Bank. It was to have been operated by the Bank of Canada under a board of directors; any institution could join the bank by agreeing to keep its mortgages for farms down to 5% and on homes to 5.5%. Though none of this happened, it was historically significant. It was an indication of how far King and his Liberals had come in 15 years: from a hands-off policy relying on the private market to a growing federal intervention. It also spelled out the nature of the intervention, and this is important to what my corporation does today. The federal government confined itself to the kind of stimulation that avoided the conflict with the private development and construction industry.

The construction industry was apparently content with this view, but the lending institutions did not like the idea of a Central Mortgage Bank and they lobbied hard against it. The bank was a direct ancestor of CMHC. It was the brainchild of W.C. Clark, the Deputy Minister, and a fellow named David Mansur, who was persuaded to leave the Sun Life Company to become the General Superintendent of the new bank. Within three months, it was his job to close the bank he helped to start. But David Mansur came to Ottawa, where he still lives today. He became the first president of Canada Mortgage and Housing Corporation.

Up to 1944, no new housing legislation emerged. There was some easing of housing conditions in some areas as the soldiers went overseas, and money, which was impossible to find during the depression, was available in large sums to house munitions workers. The government created Wartime Housing Limited in 1941 for the narrow purposes that its title indicated. C.D. Howe, another great Canadian with an association of Canada Mortgage and Housing Corporation, said: "This legislation is to take appropriate housing action when and where a shortage of housing is retarding the production of munitions and war supplies for the completion of defence projects."

We come full cycle. All of a sudden, everyone is backing housing, using war as the rationale. At the same time, the political and social climate began a sweeping change in this country. At its roots was a bitterness over the experience of the depression years. The images of poverty were etched in the minds of far more Canadians than those who rode the rails in search of work, lived in abandoned sewers, or watched their families starving. There was bitterness that a land so rich could not afford to feed or house its people.

And so naturally an unprecedented radicalism took hold in Canadian minds - it was of course the polite form of Canadian radicalism. It was the kind of radicalism, however, that led a narrow band of educated Canadians to take great interest in the increasingly articulate cries from Britain for social reform, most notably from the tremendously influential Beveridge Report of 1942. Some of the bright young people flowing into Ottawa persuaded Prime Minister King to take the Beveridge Report seriously as a wave of the future, whether he liked it or not.

Also from Britain came the loud voice of a chap named John Maynard Keynes, explaining how to prevent depression by government economic intervention. Even early in the war - for no one guessed how early it was and how long the war would last - Canadian voices were being raised about post-war Canada in general, and post-war housing in particular. Municipal politicians, who after all lived closest to housing slums and shortages, were unremitting in their pressure that something had to be done. There was a crisis coming and government had to act. As an unconscious throwback to the days of the Halifax explosion, they now tied their demands for housing to the interests of soldiers. Typical is Mayor John McQueen of Winnipeg: "To build homes to rent to people of low income, that is the great need of our country today. We've got to get homes built so that when a soldier comes back to live in our community again, there will be a healthy home for him". At the same time, community planning was becoming popular as a means to make housing investment more effective and to improve the quality of municipal life. And, in 1940, the executive of the Canadian Federation of Mayors made a major speech on this subject.

In 1944, the Advisory Committee on Reconstruction, chaired by McGill President Cyril James, published its final report, including an analysis of community housing and development. Two authors of that subsection were W.A. Curtis of Queen's

University, and Leonard Marsh, a McGill social scientist. It was an impressive committee of social thinkers. Housing policy for the first time was put in a social context. The Curtis Report concluded that a housing program of large dimensions would be necessary for Canada after the war. This is not a surprising conclusion in itself, but it set the need at 606,000, new urban units and 125,000 farm houses. And it said that some 355,000 existing dwellings in this country needed substantial improvement. Even though no one in 1944 could have foreseen the extent of post-war population growth through immigration, these sober figures were startling in relation to any past experience of housing starts in Canada's history.

More than money was needed. Social adjustment was involved in the Curtis recommendation to assist middle and low income groups to borrow. Under various lending arrangements, equity required from financial institutions would have to be reduced from 20% to 10%. To ensure that low income people got access to mortgages, the Curtis Report said that you ought to have government mortgage insurance, you should have public housing, aid to cooperatives, lower interest loans for renovation, and it said, let's use the Combines Investigation Act and let's eliminate sales tax as other ways in which we can get cheaper housing by reducing the prohibitively high cost of building materials. The report called for a federal town planning agency, low interest long terms loans for municipalities for land assembly, federal grants for municipal planning, and a requirement that neighbourhood planning be a condition of federally assisted mortgage loans.

One of the most significant recommendations in the James Report was that all the elements studied, like housing, should be considered together, not in isolation. "Social security is not

something sufficient in itself, but part of a broad program for the improvement of human resources of the nation in which such things as housing, nutritional policy and education have important places." If the federal government was touched by the enthusiasm of the social reformers it had hired to prepare this report, it was really not convinced. The 1944 Housing Act which resulted from it fell far short of the Curtis recommendations; the new Act retreated to the logic of the past by justifying government action with the need to provide post-war employment. The Act was not designed to ensure shelter for Canadians as a right in and of itself, but to promote the construction of new houses, and the improvement of housing and living conditions and the expansion of employment in the post-war period.

A year later the war was over, and in that year, expectations and optimism for the future grew quickly. Talk of social reform in Canada was spreading from the most respectable places. The flood of servicemen was now returning from Europe; many of them were introduced to their first courses in civics through the army's own bureau of current affairs, and they were becoming forces for social change. Tens of thousands of others were entering universities with bitter memories of both depression and war, determined that neither would darken their families' lives again. Parliamentarians, all of a sudden, were dealing with a very different political climate than they had dealt with in 1919.

Canadians sharing ideas of social reform that had first taken root in Europe could find special Canadian reasons for action. Though Canada did not seem to have so rigid a class system against which they could rail, it certainly had a very vast geography. And only government intervention could ensure that all Canadians, regardless of where they lived, had the same

rights, privileges, and living standards. And that's what my corporation is all about today: pursuit of that public policy purpose.

Possibly with a mixture of nervousness and idealism, political leaders recognized the need for fundamental social change. It had begun already with such measures as unemployment insurance, but the momentum had to continue. In the continuing federal-provincial seesaw of power, war made Ottawa a temporary winner. It had at least the moral authority to show initiative in social planning which would have been unthinkable 30 years before. The public had learned to look to Ottawa for the solution to more of its problems as a result of the war effort. Canada was also economically much stronger. The government was taxing, and it had money to spend. The optimists saw in the industrial strength the source of new revenues to promote higher living standards and better social safety nets. The pessimists saw an industrial strength that had the means to combat the expected post-war depression.

Finally, as peace came to Canada, there was a bold new mood of change in Ottawa. For whatever reasons, Ottawa managed, in the post-war years, to attract a cadre of public servants with remarkable ability, idealism and capacity for effective action. They were not only people urging new ideas, but people ready and able to execute them. And so, suddenly, for national housing policy, and for CMHC, the time had come.

Thank you very much.

HOUSING POLICY IN CANADA LECTURE
SERIES: NUMBER 2

SPEECH NOTES
CANADIAN HOUSING POLICY
1944-1967

BY

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CANADIAN HOUSING POLICY, 1944-1967

BY THE TIME OF THE GREAT DEPRESSION, HOUSING HAD BECOME -- SECOND ONLY TO RELIEF -- THE GREAT NATIONAL SOCIAL PROBLEM.

THEN, WHEN WAR BROKE OUT, THE MOVE TO THE CITIES ACCELERATED. IN ITS FIRST THREE YEARS THERE WAS A 60 PERCENT INCREASE IN URBAN WAR RELATED EMPLOYMENT. ALMOST EVERY MAYOR IN THE COUNTRY WAS PLEADING FOR HELP FROM FEDERAL AND PROVINCIAL GOVERNMENTS TO MEET A HOUSING CRISIS THAT WAS STEADILY WORSENING.

AS WE FOUND IN CANADA'S EARLIER DAYS, THERE WAS NOTHING LIKE A WORLD WAR TO STIMULATE FEDERAL ACTION ON HOUSING. IN 1941, WARTIME HOUSING LIMITED WAS CREATED AS A CROWN CORPORATION TO BUILD TEMPORARY DWELLINGS FOR TEMPORARY WORKERS. STILL NOT WISHING TO BE ACCUSED OF ENTERTAINING A NATIONAL HOUSING POLICY, MUNITIONS AND SUPPLY MINISTER, C.D. HOWE, INSISTED THAT THIS WAS NOT "A GENERAL HOUSING PROJECT, BUT IS CONFINED SOLELY TO HOUSING THAT IS FOUND NECESSARY FOR THE SUCCESSFUL PROSECUTION OF THE MUNITIONS PROGRAMME."

WARTIME HOUSING LIMITED DID WELL. IT BUILT 26,000 RENTAL UNITS IN SIX YEARS. THAT WAS LESS THAN A THIRD OF THOSE LOOKING FOR HOUSING IN THE CITIES, AND OF COURSE THIS CONSTRUCTION PROGRAM DID NOTHING TO RELIEVE THE BACKLOG OF DEMAND.

AS WE SAW IN THE FIRST LECTURE, A STRIKING DIFFERENCE BETWEEN THE TWO WORLD WARS WAS THE DEGREE OF POSTWAR PLANNING LAUNCHED LONG BEFORE HOSTILITIES ENDED. THERE WAS AN ALMOST UNIVERSAL DETERMINATION THAT VETERANS IN PARTICULAR, AND CANADA IN GENERAL, SHOULD NEVER RETURN TO THE MISERY OF THE DEPRESSION YEARS. THE FEDERAL GOVERNMENT WAS IN THE UNACCUSTOMED MOOD TO SPEND BOTH MORAL AND MONETARY CAPITAL TO MAKE A BRAVE NEW WORLD.

BUT THERE WAS THE CONSTITUTION.

C.D. HOWE, WHO ATTAINED THE REPUTATION OF BEING STOPPED BY NEITHER FRIEND NOR FOE IN HUMAN FORM, PAUSED CAUTIOUSLY BEFORE THE CONSTITUTION IN 1942: "HOUSING FOR THE PERMANENT POPULATION IS THE RESPONSIBILITY OF THE CITY OR MUNICIPALITY, AND THEREFORE WARTIME HOUSING LIMITED CAN ONLY ASSIST THE LOCAL AUTHORITY, BUT CANNOT ASSUME THE FULL BURDEN."

THE GOVERNMENT, NOT KNOWING WHAT SHOULD BE DONE TO REACH THE DESIRED GOAL OF DECENT HOUSING WITHOUT DONNING THE BOOTS OF PRIVATE ENTERPRISE, MANAGED TO GET A LOT OF GOOD ADVICE. MOVED BY THE BRITISH BEVERIDGE BLUEPRINT FOR SWEEPING SOCIAL REFORM, THE GOVERNMENT ESTABLISHED AN ADVISORY COMMITTEE ON RECONSTRUCTION. UNDER ITS UMBRELLA, A REMARKABLY ABLE GROUP OF 12 PEOPLE UNDER PROFESSOR C.A. CURTIS RECOMMENDED HOW TO HAVE "AN ADEQUATE HOUSING PROGRAM DURING THE YEARS FOLLOWING THE

WAR." THE CURTIS REPORT, BECAUSE OF ITS FAR-REACHING IMPLICATIONS NOT ONLY FOR LOW INCOME HOUSING BUT ALSO FOR URBAN PLANNING AND DEVELOPMENT, WAS TO HAVE DEEP AND LASTING INFLUENCE ON GOVERNMENT HOUSING POLICY FOR DECADES. BUT NOT RIGHT AWAY,

THOUGH ITS FIRST FRUITS SEEMED MEAGRE, THE 1944 CHANGES TO THE NATIONAL HOUSING ACT BEGAN THE MODERN ERA OF NATIONAL HOUSING POLICY. BUT THE GOVERNMENT STILL FELT IT NECESSARY TO WRAP FEDERAL ACTION IN A CAUTIOUS CLOAK OF WARTIME NECESSITY.

PART V OF THE NEW ACT MORE DIRECTLY REFLECTED THE THINKING OF CURTIS. TURNING TO PLANNING AND RESEARCH, IT WAS TO FINANCE THE EDUCATION OF A WHOLE NEW GENERATION OF PROFESSIONALS IN PROGRAMS STARTING FIRST AT MCGILL AND EXPANDING TO EIGHT UNIVERSITIES. IT ALSO ENABLED THE FEDERAL GOVERNMENT TO STIMULATE AND SUPPORT TRAINING, EDUCATION AND RESEARCH, INCLUDING THE PUBLICATION AND DISTRIBUTION OF REPORTS. SOME MIGHT ARGUE THAT, IN THE LONG TERM, THIS PART OF THE ACT WAS THE MOST INFLUENTIAL IN THE WHOLE LEGISLATION AND IT WAS INCLUDED AS AN AFTERTHOUGHT.

EVEN THOUGH THE 1944 NATIONAL HOUSING ACT DID NOT FULLY RESPOND TO MOST OF THE RECOMMENDATIONS OF THE CURTIS REPORT, IT BROUGHT CANADA CLOSER THAN IT HAD EVER BEEN TO A NATIONAL HOUSING POLICY. THE MOST DECISIVE STEP OF ALL ALONG THE PATH TOWARD THAT GOAL WAS THE CREATION OF A CONTINUING INSTRUMENT OF

POLICY. THAT HAPPENED ON DECEMBER 18, 1945, WHEN THE CENTRAL MORTGAGE AND HOUSING ACT BECAME LAW.

SUCH AN ACT WAS POSSIBLE NOT ONLY BECAUSE WARTIME HOUSING LIMITED WAS SUCCESSFUL, BUT BECAUSE C.D. HOWE WAS CONVINCED THAT IT WAS SUCCESSFUL. THIS OUTSPOKEN DEFENDER OF FREE ENTERPRISE WHO HAD BEEN FAR FROM ENTHUSIASTIC ABOUT FEDERAL HOUSING INITIATIVES, HAD BECOME A BELIEVER IN CROWN CORPORATIONS. HE WAS A FIRM ADVOCATE OF A CROWN CORPORATION WHICH WOULD BE BOTH AN INSTRUMENT OF PUBLIC HOUSING POLICY AND AN ADMINISTRATOR OF FEDERAL FUNDS DEVOTED TO HOUSING. LIKE THE CNR, THE CBC AND TRANS-CANADA AIRLINES, THIS WAS TO BE THE TYPE OF CROWN CORPORATION THAT IS NOT ONLY AT ARM'S LENGTH FROM GOVERNMENT DEPARTMENTS, BUT PERFORMS, IN PART, MUCH LIKE A PRIVATE CORPORATION. INDEED, OVER THE YEARS CMHC HAS RETURNED MORE THAN \$700 MILLION TO THE CONSOLIDATED REVENUE FUND, INCLUDING MORE THAN \$100 MILLION IN THE LAST TWO FISCAL YEARS.

THE FIRST PRESIDENT WAS DAVID MANSUR WHO HAD ENJOYED A DISTINGUISHED CAREER IN SUN LIFE BEFORE BEING CALLED TO OTTAWA IN 1938 TO HEAD THE CENTRAL MORTGAGE BANK. GENERAL HUGH YOUNG, JUST RETIRED AS CANADA'S YOUNGEST QUARTERMASTER GENERAL, WAS APPOINTED VICE-PRESIDENT. IT WAS A STRONG TEAM. THIS WAS A GOOD THING BECAUSE CMHC DID NOT HAVE MUCH OPPORTUNITY FOR LEISURELY PLANNING. ON NEW YEAR'S DAY, 1946, THE PRESIDENT

STARTED WORK. HE WAS IMMEDIATELY FACED WITH THE PROBLEM OF FINDING TEMPORARY ACCOMMODATION FOR THE FAMILIES OF 16,000 VETERANS MANY OF WHOM WERE ATTENDING UNIVERSITIES. THEY WERE BILLETED IN ARMY HUTS MOVED TO THE CAMPUSES OF NINE UNIVERSITIES. CMHC COMMANDEERED PUBLIC BUILDINGS AND HOTELS, INCLUDING THE OLD HOTEL VANCOUVER AND THE WINNIPEG IMMIGRATION SHED.

SOON AFTER ITS INCORPORATION, CMHC ACQUIRED THE ASSETS AND STAFF OF WARTIME HOUSING LIMITED. THEY INCLUDED 30,000 WARTIME HOUSES TO WHICH CMHC ADDED ANOTHER 20,000, ALSO FOR VETERANS.

AND SO, AT LONG LAST, SUBSTANTIAL AND RAPID PROGRESS WAS BEING MADE ON CANADA'S HOUSING DEFICIT. HOWE WAS ABLE TO REPORT TO THE HOUSE OF COMMONS THAT NEARLY 50,000 UNITS HAD BEEN BUILT WITH NHA SUPPORT IN 1945, AND THE TARGETS FOR THE NEXT TWO YEARS WERE TO BE 60,000 AND 80,000.

LATE IN 1946, HOUSING RESEARCH AND COMMUNITY PLANNING OPERATIONS UNDER PART V OF THE NATIONAL HOUSING ACT WERE GIVEN A BIG BOOST WITH THE ESTABLISHMENT OF A RESEARCH DIVISION IN CMHC. ITS MANDATE WAS TO CONSULT PROVINCIAL PLANNING AUTHORITIES TO FIND WAYS TO IMPLEMENT COMMUNITY PLANS AND TO BEGIN A COMMUNITY PLANNING RESEARCH PROGRAM.

IN APRIL 1946, THE GOVERNMENT TRANSFERRED TO CMHC ALMOST ALL ITS HOUSING ACTIVITIES, EMERGENCY SHELTER, AND HOME CONVERSION PROGRAMS. THE NATIONAL HOUSING ACT WAS AMENDED TO PERMIT LOANS FOR RESOURCE COMPANIES TO BUILD MODERATE AND LOW COST HOUSING FOR SALE OR RENT TO THEIR EMPLOYEES. IN THAT SAME YEAR, HOWE WAS WARNING THE HOUSING INDUSTRY THAT IF IT FAILED TO BUILD THE HOUSES CANADA NEEDED, "THEN THE DOMINION GOVERNMENT WILL TAKE A DIRECT POSITION IN THE HOUSING FIELD." IN POLITICAL IDEOLOGY, CONSTITUTIONAL THEORY AND EARLIER PERSONAL BELIEF, THIS WAS A REVOLUTIONARY STATEMENT FOR HIM TO MAKE.

THE FIRES OF REVOLUTION WERE NOT BURNING UNIFORMLY IN THE LIBERAL CABINET OF THE TIME, HOWEVER. PRIME MINISTER ST-LAURENT DECLARED IN OCTOBER 1947 THAT: "NO GOVERNMENT OF WHICH I AM A PART WILL EVER PASS LEGISLATION FOR SUBSIDIZED HOUSING." DR. CURTIS MUST HAVE SHIFTED UNEASILY.

THE SENTIMENT OF THE PRIME MINISTER WAS SOMEWHAT SURPRISING BECAUSE BY THE LATE 1940S PUBLIC HOUSING WAS NOT A REVOLUTIONARY IDEA. THE BRITISH GOVERNMENT, WHERE THE SOCIAL THINKING OF BEVERIDGE HAD INFLUENCED PRIME MINISTER KING, HAD LONG BEEN BUILDING PUBLIC HOUSING. THE UNITED STATES HAD BEEN SUBSIDIZING IT. IN 1947, TORONTO BIT THE BULLET AND DEVELOPED REGENT PARK NORTH AS A LARGE PUBLIC HOUSING PROJECT WITH ASSISTANCE TO ACQUIRE AND CLEAR THE SITE UNDER THE URBAN RENEWAL PROVISIONS OF THE NHA.

OTTAWA POLITICIANS CONTINUED TO PUT THEIR FAITH IN INCREASINGLY FAVOURABLE MORTGAGE TERMS AND OTHER INDIRECT FINANCIAL INCENTIVES WHICH WERE SUPPOSED TO TRICKLE DOWN FOR THE BENEFIT OF ALL. AS THE 1940S CAME TO A CLOSE, IT WAS BECOMING EVIDENT THAT THEY WERE WRONG. DESPITE THE VIGOROUS BUILDING PROGRAMS, MORE AND MORE CANADIANS WERE UNABLE TO FIND HOUSING THEY COULD AFFORD.

IN 1949, THE HONOURABLE ROBERT WINTERS, THEN MINISTER RESPONSIBLE FOR CMHC, ADMITTED THAT HOUSING WOULD BE A "LONG-TERM PEACETIME PROBLEM." THE FEDERAL GOVERNMENT WAS BACKING CAUTIOUSLY INTO A SOLUTION WHICH CLEARLY CONTRADICTED THE PRIME MINISTER'S DECLARATION ABOUT SUBSIDIES.

IF THE GOVERNMENT HAD TROUBLE WITH ITS CONSCIENCE, AT LEAST IT WAS SPARED BY THE OPPOSITION. PROGRESSIVE CONSERVATIVE CRITIC, DONALD FLEMING, SUPPORTED SLUM CLEARANCE AND CONFESSED TO SHOCK THAT SO MANY FAMILIES WITH CHILDREN COULD NOT AFFORD HOUSING. HE EVEN URGED RENT CONTROLS.

THE 1949 AMENDMENT TO THE NHA DESERVES RECOGNITION AS AN EXAMPLE OF THE CREATIVE THINKING THE FEDERAL GOVERNMENT MUST EMPLOY TO GET THINGS DONE IN A CONSTITUTIONALLY DIFFICULT LAND. NOTHING WAS SAID ABOUT SUBSIDIES, BUT THE LAW PROVIDED THAT THE FEDERAL AND PROVINCIAL GOVERNMENTS WOULD SHARE THE 'DEFICIT' ON A 75 : 25 BASIS IN JOINT HOUSING OPERATIONS.

SOME CRITICS HAVE CLAIMED THAT THE GOVERNMENT WAS NOT ONLY OBSERVING CONSTITUTIONAL NICETIES BUT ALSO SHIELDING THE PRIME MINISTER FROM EMBARRASSMENT. IT WAS STARTING PUBLIC HOUSING IN THE LEAST PAINFUL WAY OPEN TO IT.

THOUGH MORE HOUSES WERE BUILT IN THE IMMEDIATE POST-WAR YEARS THAN ANYONE PREDICTED, THE SHORTAGE REMAINED SERIOUS AND PERSISTENT. ONE REASON WAS THAT THE APPREHENDED POST-WAR DEPRESSION NEVER HAPPENED. EMPLOYMENT CONTINUED TO BE HIGH WHILE BUSINESS AND INDUSTRY EXPANDED. LOW INTEREST RATES HAD A DIRECT EFFECT ON HOUSING DEMAND.

A SUDDEN INTEREST IN MARRIAGE AT A YOUNGER AGE AND A CONSEQUENT BABY BOOM COINCIDED WITH SURPRISINGLY HIGH IMMIGRATION. IN 1945 THERE HAD BEEN 15,000 NEWCOMERS. IN 1952 THE FIGURE ROSE TO 211,000 BEFORE LEVELING OFF. BY 1950, WHEN THE KOREAN WAR WAS PROVIDING A BRAND NEW STIMULANT TO THE ECONOMY, THE RATE OF HOUSE CONSTRUCTION WAS FALLING. THE PROBLEMS OF SCARCE MATERIALS IN THE IMMEDIATE POST-WAR YEARS HAD SOLVED THEMSELVES, BUT THE PROBLEMS OF FINANCING WERE BECOMING WORSE. PURCHASE OF A HOUSE REQUIRED A DOWN PAYMENT OF FROM 20 TO 25 PERCENT OF ITS VALUE; IN SMALL COMMUNITIES AND RURAL AREAS, THE DOWN PAYMENT COULD BE AS MUCH AS 50 PERCENT. THERE WAS SHORTAGE BOTH OF MORTGAGE FUNDS AND OF SERVICED LAND. THE FINAL DISCOURAGEMENT WAS SHARPLY RISING MUNICIPAL TAXATION.

CRITICS IN THE HOUSE OF COMMONS ACCUSED CMHC OF SERVING THE NEEDS ONLY OF THE UPPER THIRD OF THE COUNTRY'S INCOME EARNERS. THE HOUSING SHORTAGE WAS ESTIMATED AS HIGH AS 700,000 UNITS.

WHEN A NEW NATIONAL HOUSING ACT WAS BROUGHT DOWN IN 1954, THERE WAS LITTLE QUARREL WITH ITS MUCH MORE VIGOROUS POLICY. IN THE SEARCH FOR NEW MORTGAGE FUNDS, THE MAIN CHANGE WAS THE ENTRY OF THE CHARTERED BANKS AS LENDERS IN THE HOUSING MARKET. INSTEAD OF OFFERING DIRECT LOANS AS THE GOVERNMENT HAD DONE SINCE 1935, CMHC WOULD INSURE LONG-TERM MORTGAGES FINANCED BY PRIVATE LENDING INSTITUTIONS. REQUIREMENTS FOR DOWN PAYMENTS WERE DROPPED TO 10 PERCENT. THIS SET IN MOTION A LONG PROCESS WHEREBY THE CORPORATION EASED ACCESS TO HOME OWNERSHIP AND TOOK PRESSURE OFF THE NEED FOR SUBSIDIZED RENTAL HOUSING BY RELAXING THE TERMS OF MORTGAGE LENDING.

IN SPRINGING LOOSE MORTGAGE MONEY, THE NEW ACT WAS A MARKED SUCCESS. IN ONE YEAR THE NUMBER OF NEW LOANS JUMPED BY MORE THAN A THIRD. BETWEEN 1954 AND 1956, BANKS FINANCED MORE THAN HALF THE UNITS BUILT UNDER NHA.

AS A CONSEQUENCE OF THE 1954 ACT, MOST CANADIANS WHO COULD AFFORD MORTGAGE PAYMENTS WERE ABLE TO FIND FINANCING. MOST, BUT NOT ALL. THE BANKS WERE HAPPY TO SERVE CITY RESIDENTS, WHICH THEY COULD DO WITH LITTLE ADMINISTRATIVE EXPENSE OR DIFFICULTY. BUT MANSUR RECORDS:

"WE HAD A DREADFUL TIME IN THE EARLY YEARS GETTING LENDING INSTITUTIONS TO MAKE LOANS IN REMOTE AREAS. THEY DIDN'T WANT TO SEND EMPLOYEES INTO THE HINTERLAND TO MAKE ONE OR TWO LOANS. IT JUST WASN'T ECONOMICAL THE LENDERS WERE OPPOSED IN PRINCIPLE TO THE GOVERNMENT GETTING INTO THE LENDING BUSINESS, BUT THEY WERE RELUCTANT TO CHANGE THEIR WAY OF DOING BUSINESS."

TO ANTICIPATE THE STORY A LITTLE, IN 1957 THE DIEFENBAKER GOVERNMENT DIRECTED CMHC TO RE-ENTER THE DIRECT LENDING FIELD SO THAT ALL CANADIANS, REGARDLESS OF PLACE OF RESIDENCE, COULD GET MORTGAGE FINANCING.

WHILE THE NEW ACT REFLECTED DEEPENING GOVERNMENT RESPONSIBILITY FOR LOW INCOME EARNERS, PROGRESS ON LOW COST HOUSING WAS MODEST.

WITH THE PASSAGE OF THE 1954 ACT, DAVID MANSUR DECIDED THAT HIS MAJOR OBJECTIVES HAD BEEN ACHIEVED. HE DECIDED TO RETIRE AT THE END OF 1954. AS HE SAID IN A CLASSIC UNDERSTATEMENT, "I DECIDED THERE WERE OTHER THINGS I COULD DO." FOR THE NEXT TEN YEARS THE PRESIDENT WAS STEWART BATES, A DIFFERENT PERSON WITH DIFFERENT PRIORITIES. RECENTLY DEPUTY MINISTER OF FISHERIES, HIS BEGINNINGS IN GLASGOW GAVE HIM STRONG SOCIAL CONCERNS AND A DEEP PERSONAL INTEREST IN THE DISTRIBUTION AND QUALITY OF HOUSING.

THE CORPORATION WHICH HE INHERITED HAD BY NOW A HEADQUARTERS STAFF OF OVER 300, FIVE REGIONAL OFFICES AND A NETWORK OF LOCAL OFFICES FROM COAST TO COAST. UNTIL JULY 1952, IT WORKED IN THE SPARTAN ROOMS OF NUMBER 4 TEMPORARY BUILDING JUST WEST OF THE SUPREME COURT. THE BOARD OF DIRECTORS DECIDED THAT CMHC SHOULD MAKE A STATEMENT OF CORPORATE INDEPENDENCE BY BUILDING ITS HEADQUARTERS WELL BEYOND THE SHADOW OF THE MAIN GOVERNMENT COMPLEX IN DOWNTOWN OTTAWA. ITS SETTING IN SPACIOUS PARKLANDS AND ITS RED BRICK GEORGIAN STYLE ARCHITECTURE ARE ATTRIBUTED TO VICE-PRESIDENT HUGH YOUNG WHO HAD BEEN MUCH INFLUENCED BY THE GARDEN CITIES OF ENGLAND. THE PROTOTYPE FOR CMHC WAS THE TOWN HALL OF WELWYN.

FROM THIS NEW BUILDING, STEWART BATES SOON MADE HIS OWN PERSONAL MARK. IN A MILESTONE SPEECH A FEW MONTHS AFTER HE TOOK OFFICE, HE PROCLAIMED HIS BELIEF IN THE CITY AS THE MAJOR CRUCIBLE OF SOCIAL AND ECONOMIC CHANGE, AND IN HOUSING AS THE MAJOR INSTRUMENT TO BUILD THE CITY. HE QUIETLY REBELLED AGAINST THE CONVENTIONAL NOTIONS AT THE TIME, WHICH SAW HOUSING CIRCUMSCRIBED BY THE MATHEMATICS OF STARTS, AND DOWN PAYMENTS, AND LOTS BULLDOZED INTO THE SIMPLICITY OF EMPTY PIECES OF PAPER.

"MUST WE LOOK FORWARD TO WHOLLY CONVENTIONAL LIVING IN OUR NORTH AMERICAN CITIES?" HE ASKED. "LIVES ALL ALIKE IN STANDARDIZED SUBDIVISIONS? THIS IS THE IDEAL THAT SEEMS TO PREVAIL AMONG GOVERNMENTS, BUILDERS AND PLANNERS IF ENVIRONMENT HAS ANY INFLUENCE ON CHARACTER, THE ONE WE SEEM TO BE PROVIDING HAS SEVERE LIMITATIONS. IT SEEMS AIMED AT DIMINISHING THE INDIVIDUAL."

WITHIN THE CORPORATION, THINKING AND PLANNING TOOK ON A NEW DIRECTION WITH THE FORMATION OF WHAT HE CALLED THE ADVISORY GROUP, A SMALL COMMITTEE OF CREATIVE PEOPLE WHO WERE ENCOURAGED TO DEVELOP FRESH IDEAS ON HOW THE CORPORATION COULD IMPROVE THE NATION'S HOUSES AND ITS CITIES, THUS RAISING THE QUALITY OF CANADIAN LIFE. ITS MEMBERS HAD A PROFOUND EFFECT ON CMHC AND HOUSING IN CANADA.

TWENTY YEARS LATER THE CYCLE WAS TO REPEAT ITSELF WITH THE ESTABLISHMENT OF THE REBELLIOUS POLICY PLANNING DIVISION, WHICH ONE MEMORABLE MOMENT SECEDED ENTIRELY FROM THE CORPORATION AND WENT TO WORK ABOVE A BEER STORE. BUT THAT IS A STORY FOR NEXT TIME.

THOUGH SUCH A GINGER GROUP WAS BOUND TO HAVE ITS CRITICS, IT WAS AN INTERESTING TIME IN THE LIFE OF THE CORPORATION. TO PUT INTELLECTUAL FERMENT INTO PERSPECTIVE, ONE HAS ONLY TO RECALL THE FIXED AND LIMITED OBJECTIVES WHICH HAD BEEN PUBLICLY DRAWN BY THE PRIME MINISTER AND HOWE, AS WELL AS BY HOWE'S SUCCESSOR AS MINISTER RESPONSIBLE FOR CMHC, ROBERT WINTERS, WHO, AS HOWE'S PROTEGÉ, WAS CAST IN THE SAME MOULD. THEY PROBABLY THOUGHT THAT THEY HAD COME A LONG WAY BY TOLERATING A PERMANENT PEACETIME FEDERAL INVOLVEMENT IN HOUSING, AND THEY HAD. BUT THEY WERE CERTAINLY NOT READY TO EMBRACE THE IDEA THAT NATIONAL HOUSING POLICY SHOULD BE A MAJOR INSTRUMENT OF SOCIAL CHANGE.

MANY PEOPLE IN CMHC'S HEAD OFFICE, AS IT WAS THEN KNOWN, THOUGHT IT SHOULD. IN CANADA THE REVOLUTION IN THOUGHT ON THE QUALITY OF COMMUNITY LIFE DID NOT SPRING SO MUCH FROM THE UNIVERSITIES, FROM PROFESSIONAL ASSOCIATIONS OR EVEN POLITICAL PARTIES. IT CAME, OF ALL PLACES, FROM A CROWN CORPORATION WHICH WAS STIMULATING OTHERS TO THINK AND ACT.

IN 1956, AMENDMENTS TO NHA GAVE A NEW STIMULUS TO URBAN RENEWAL, ESPECIALLY IN URBAN CORES, THROUGH MORE FLEXIBLE RULES ON THE USES TO WHICH LAND COULD BE PUT, AND THROUGH THE FUNDING OF STUDIES TO ASSESS WHICH PARTS OF MUNICIPALITIES REQUIRED ACTION.

THE YEAR 1957 MARKED THE CLOSE OF A LONG ERA OF LIBERAL GOVERNMENT. IT COINCIDED WITH WORSENING ECONOMIC WEATHER. THE BANKS WERE FAILING TO COME THROUGH WITH THE MORTGAGE MONEY NEEDED AS INTEREST RATES EXCEEDED THE LEGISLATED LIMIT OF SIX PERCENT.

AS I MENTIONED EARLIER, HOWARD GREEN, NOW MINISTER RESPONSIBLE FOR HOUSING IN THE DIEFENBAKER GOVERNMENT, FUNDAMENTALLY CHANGED ONE ESTABLISHED OPERATING PRINCIPLE: THE GRADUAL WITHDRAWAL OF THE CORPORATION FROM DIRECT LENDING. IN THE DECADE FOLLOWING 1957, CMHC DIRECTLY FUNDED MORE HOUSES THAN THE BANKS DID.

ONE CAN ONLY SPECULATE IF AND WHEN THAT SHIFT WOULD HAVE COME HAD THERE BEEN NO CHANGE IN GOVERNMENT. PERHAPS IT WOULD HAVE TAKEN LONGER, BUT IN GENERAL IT MAY BE CONCLUDED THAT HOUSING POLICY WAS RARELY AN AREA OF SHARP PARTY DIFFERENCES IN CANADA. THE OPPOSITION WAS ALWAYS VOCALLY CRITICAL OF THE SHORTCOMINGS OF CURRENT OPERATIONS, BUT WAS ALSO GENERALLY SUPPORTIVE OF WHATEVER REMEDIAL LEGISLATIVE MEASURES THE GOVERNMENT BROUGHT BEFORE THE HOUSE.

TYPICAL OF THE UNCONTROVERSIAL EXTENSIONS OF HOUSING POLICY WAS THE PAIR OF NHA AMENDMENTS BROUGHT DOWN IN 1960. AUTHORITY WAS GIVEN FOR LOANS TO BUILD SEWERS; IN THE NEXT SIX YEARS \$208 MILLION WAS ADVANCED. AND THERE WAS PROVISION FOR LOANS TO BUILD UNIVERSITY HOUSING -- A FARSIGHTED PROGRAM THAT ANTICIPATED THE PRESSURES OF THE BABY BOOM IN THE LATE 1960s.

ONE IDENTIFIABLE CHANGE WITH THE NEW GOVERNMENT IN THE LATE FIFTIES WAS IN HOUSING QUALITY. MR. GREEN AND MR. WALKER AFTER HIM, WANTED TO MOVE TO SMALLER HOUSES ON SMALLER LOTS. DAVIE FULTON, WHO FOLLOWED MR. WALKER IN 1962, BROUGHT GREATER MINISTERIAL INTEREST IN URBAN RENEWAL.

THROUGHOUT ALL OF THIS, THE SOCIAL PHILOSOPHIES OF STEWART BATES WERE CONTROVERSIAL, AND THERE ARE THOSE WHO RAISED EYEBROWS AT A PERCEIVED TENDENCY TO LEAD RATHER THAN TO FOLLOW IN THE TANGO OF OTTAWA POLITICS. FEW OF HIS CRITICS WOULD DENY HIS INTELLECTUAL CAPACITY OR INTEGRITY. WITH THE PASSAGE OF TIME, MOST WOULD PROBABLY GRANT THAT HIS ALLEGED SOCIAL RADICALISM CAME AT A GOOD TIME IN THE LIFE OF THE CORPORATION. HE ATTRACTED GIFTED PEOPLE WITH HIS SENSE OF MISSION, AND HE HELPED DEVELOP THE CORPORATION AS A CREATIVE INSTITUTION WHEN IT MIGHT HAVE SLIPPED INTO A LONG AND SAFE EXISTENCE ONLY AS AN EFFICIENT BANKER.

IN SEEKING TO TRACE THE DEVELOPMENT OF A NATIONAL HOUSING POLICY, WE HAVE BEEN LOOKING PARTICULARLY AT THE LEGISLATIVE SCENE. IT HAS BEEN THE MOST IMPORTANT REFLECTION OF A NATIONAL HOUSING POLICY AND, UNTIL THE COMING OF CMHC, ALMOST THE ONLY REFLECTION. BUT CMHC ITSELF WAS GIVEN THE AUTHORITY AND RESPONSIBILITY TO MAKE ITS OWN CONTRIBUTION TO HOUSING POLICY. IT USED AS ITS INSTRUMENT PART V OF THE NATIONAL HOUSING ACT.

WHAT MADE PART V ONE OF THE MOST SIGNIFICANT FOUNDATION BLOCKS OF NATIONAL HOUSING POLICY WAS THE LEADERSHIP IT PROVIDED IN NEW IDEAS AND IN THE TRAINING OF PEOPLE TO DEVELOP THEM.

THE CORPORATION SUPPORTED ITS FIRST STUDENTS AT MCGILL'S SCHOOL OF ARCHITECTURE IN 1946-47. BRITISH COLUMBIA FOLLOWED IN 1951-52 AND THEN THE UNIVERSITIES OF MANITOBA AND TORONTO. A NETWORK OF EIGHT PROFESSIONAL SCHOOLS WAS LINKED TO ANOTHER HALF DOZEN ACADEMIC PROGRAMS PROVIDING PLANNING EDUCATION AND RESEARCH OPPORTUNITIES ACROSS CANADA. SOME OF THE NAMES OF THE STUDENTS SUPPORTED IN THE EARLY YEARS INCLUDE BRAM WISEMAN WHOM YOU ALL KNOW, AND TOMMY SHOYAMA, LATER TO BECOME A DEPUTY MINISTER OF FINANCE, AND RAY MORIYAMA WHOM YOU KNOW OF.

PART V BECAME LAW AT A TIME WHEN BRIGHT YOUNG PEOPLE IN GOVERNMENT AND UNIVERSITIES WERE DREAMING DREAMS ABOUT THE POST-WAR WORLD, AND WHEN POLITICIANS WERE ISSUING WARNINGS AGAINST PERMANENT FEDERAL INVOLVEMENT IN HOUSING, AND ESPECIALLY IN SOCIAL HOUSING. IN THESE CIRCUMSTANCES, AND WITH SO MUCH CONCERN ABOUT THE CONSTITUTIONAL LIMITS OF FEDERAL PROGRAMS, PART V WAS VERY RADICAL LEGISLATIVE ACTION INDEED.

IT IS HARD TO KNOW WHETHER MEMBERS OF PARLIAMENT, OR EVEN MINISTERS, SAW THE POTENTIAL IMPLICATIONS OF PART V. IT ATTRACTED NO CRITICISM FROM ANY CORNER OF THE HOUSE OF COMMONS OR FROM PROVINCIAL GOVERNMENTS. AND IN THE 44 YEARS IT HAS BEEN ON THE STATUTE BOOKS, IT HAS ATTAINED INSTITUTIONAL STATUS.

OTHER SPIN-OFFS FROM WORK AT CMHC'S HEAD OFFICE WERE THE CANADIAN HOUSING DESIGN COUNCIL AND THE COMMUNITY PLANNING ASSOCIATION OF CANADA. IN ALL THESE WAYS THE MANAGEMENT OF CMHC, PARTICULARLY WHEN STEWART RATES ASSUMED THE PRESIDENCY, WAS DEMONSTRATING ITS FUNDAMENTAL COMMITMENT TO QUALITY IN HOUSING AND URBAN PLANNING. THE POLITICAL, ECONOMIC AND SOCIAL FACTS OF LIFE IN THAT ERA DICTATED A SPECIAL PRIORITY FOR HOUSING STARTS, BUT THE NEED FOR QUANTITY NEVER EXCLUDED THE SEARCH FOR QUALITY.

IF I MAY, FOR A MOMENT, ANTICIPATE OUR STORY, THE SEEDS OF HOUSING QUALITY INTRODUCED IN THE 1950s ARE PRODUCING THEIR RICH HARVEST TODAY. THEN IT WAS HOPED THAT AT SOME TIME IN THE FUTURE, CANADA'S PRINCIPAL HOUSING NEEDS WOULD AT LAST BE MET BY A COMBINATION OF INDUSTRY, LOCAL AND PROVINCIAL GOVERNMENTS, LEAVING NATIONAL HOUSING POLICY FREE TO MAKE QUALITY ITS FIRST PRIORITY.

AFTER SOME TWISTS AND TURNS IN THE ROAD, THOUGH NOT YET HERE, THAT TIME MAY NOT BE FAR OFF, AT LEAST IN OUR URBAN AREAS.

IN 1963, THE ELECTION OF THE PEARSON GOVERNMENT BROUGHT A WAVE OF SOCIAL LEGISLATION. ITS FIRST IMPORTANT LAW WAS A SET OF SWEEPING CHANGES TO THE NATIONAL HOUSING ACT THE NEXT YEAR. URBAN RENEWAL GOT A LARGE BOOST. ALSO, FOR THE FIRST TIME THE WORDS "PUBLIC HOUSING" APPEARED IN THE ACT. LOANS OF UP TO 90 PERCENT WERE AUTHORIZED TO NON-PROFIT CHARITABLE OR GOVERNMENT CORPORATIONS TO BUY OR BUILD LOW-COST RENTAL HOUSING. THIS BROUGHT PROVINCES INTO PUBLIC HOUSING IN A SIGNIFICANT WAY THROUGH THE CREATION OF PROVINCIAL HOUSING AUTHORITIES.

PROFESSOR ALBERT ROSE, ONE OF THE MOST INFORMED CRITICS OF CANADIAN HOUSING POLICY, CALLED THE 1964 AMENDMENTS:

"A TURNING POINT IN CANADIAN HOUSING HISTORY. FROM THAT TIME ON THE WHOLE QUESTION OF WHETHER SLUM OR BLIGHTED AREAS WERE TO BE CLEARED, THE SOCIAL QUESTIONS ACCOMPANYING THE PROCESS OF RE-HOUSING AND RELOCATION, THE WHOLE QUESTION OF WHETHER LOW-INCOME PERSONS AND FAMILIES WERE TO BE OFFERED DECENT AND ADEQUATE HOUSING AT A PRICE THEY COULD AFFORD -- THESE AND NUMEROUS RELATED SOCIAL QUESTIONS WERE PUT SQUARELY IN THE LAPS OF THE PROVINCIAL GOVERNMENTS.

BY THE MID-SIXTIES, PUBLIC HOUSING FOR THE POOR, THE ELDERLY AND STUDENTS WAS BEING CREATED ON A HITHERTO UNPRECEDENTED SCALE. AT THE SAME TIME, CONVENTIONAL HOUSING STARTS LEVELED OFF, AND THERE WAS A SHIFT TOWARD RENTAL HOUSING. THE BANKS HAD BEEN TAKING A SMALLER ROLE IN MORTGAGE LENDING SINCE 1959 WHEN THE SIX PERCENT CEILING ON INTEREST RATES EFFECTIVELY REMOVED THEM FROM MORTGAGE LENDING. TO REMEDY THIS SITUATION, A 1966 AMENDMENT VIRTUALLY FREED NHA INTEREST RATES.

WITH THAT LEGISLATION, THE PERIOD COVERED IN THIS SECOND LECTURE DRAWS TO A CLOSE. IN 1967 CANADA OBSERVED ITS CENTENNIAL IN A MOOD OF NATIONAL CELEBRATION AND SEEMINGLY ENDLESS INTROSPECTION. THE MOST SUCCESSFUL WORLD'S FAIR OF THE CENTURY WAS A FOCUS OF ENORMOUS PRIDE AND OPTIMISM. WHILE WAVING ITS NEWLY APPROVED CANADIAN FLAG, THE NATION ALSO LEARNED IMMENSELY MORE ABOUT ITS HISTORY THAN IT HAD EVER DONE BEFORE, OWING TO A FLOOD OF BOOKS, MAGAZINES, TELEVISION, FILM AND RADIO BROADCASTS. IT FOCUSED ITS THOUGHTS AS NEVER BEFORE UPON THE FUTURE.

THE COUNTRY HAD BEEN CHANGING FAST. BY THE CENTENNIAL YEAR, THREE QUARTERS OF THE POPULATION LIVED AND WORKED IN CITIES. TWO THIRDS OF THOSE WERE CONCENTRATED IN LARGE CITIES AND METROPOLITAN AREAS. AFTER WORLD WAR II, 85 PERCENT OF NEW HOUSING WAS SINGLE FAMILY HOMES. IN 1961, THE RATE DROPPED TO 70 PERCENT. IN 1964, ALMOST HALF OF ALL NEW HOUSING WAS APARTMENTS AND OTHER MULTIFAMILY DWELLINGS.

SUCH CHANGES MADE LIFE MORE DIFFICULT FOR THE CUSTODIANS OF A NATIONAL HOUSING POLICY. IT WAS WORK ENOUGH TO WRESTLE CONTINUOUSLY WITH THE ABSOLUTE DEFICIT IN AFFORDABLE HOUSING. THEY HAD SIMULTANEOUSLY TO COPE WITH THE FAST-CHANGING FACE OF CANADIAN CITIES, AS WELL AS THE CHANGING EXPECTATIONS OF THOSE DEMANDING OR OCCUPYING HOUSING.

WITHIN 20 YEARS WE HAVE MOVED FROM VIGOROUS BACK-ROOM DEBATES ON WHETHER THE FEDERAL GOVERNMENT SHOULD BE PERMANENTLY IN THE HOUSING BUSINESS AT ALL, TO A LEADERSHIP ROLE IN NOT ONLY HOUSE BUILDING BUT THE NATURE OF COMMUNITIES.

AT THE BEGINNING OF THIS PERIOD, A COMPREHENSIVE HOUSING POLICY WAS STILL AN ELUSIVE IDEA. BY THE END OF THE PERIOD IT HAD A PLACE AS A VITAL PART OF FEDERAL SOCIAL AND ECONOMIC POLICY: A MORE IMPORTANT PLACE THAN ANYONE THEN REALIZED. CANADA WAS ON THE EVE OF AN EXPLOSIVE NEW EXPERIMENT IN URBAN AFFAIRS. IT WAS THE BEGINNING OF A NEW ERA OF VAST CHANGES IN THE HOUSING ENVIRONMENT, OF QUICK RESPONSES TO THEM, AND OF UPHEAVAL AT CMHC.

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