

of some kind, or the unthreshed crop is a complete loss, or is washed away in the spring by freshets before it can be threshed, the bank does not stand to lose anything.

Hon. Mr. Hayden: Neither does the government—very much.

Hon. Mr. Aseltine: So that if the bank does not lose anything the government will not have to advance any money under this bill. It seems to me that every precaution possible under the circumstances has been taken.

Hon. Mr. Barbour: When the honourable senator spoke on this matter on November 20th, did he mention what interest rates should be charged?

Hon. Mr. Aseltine: No, I did not, because I had not worked out a concrete plan. It had not occurred to me at that time that the government would guarantee the banks. All I then anticipated was that the government might make some amendment to enable the banks to take security under the sections I mentioned.

Hon. Mr. Barbour: Were borrowers actually charged as much as 6 per cent?

Hon. Mr. Aseltine: I do not think that even 6 per cent is the maximum. I noticed in reading the debates in the other house that the minister thought the prevailing rate would be more like 5½ per cent. Whether or not that will be the case I cannot say. When I spoke previously on this matter I referred to the credit restrictions applied by the Bank of Canada as preventing the making of new loans, and I thought that if those restrictions were removed and the banks were allowed to take security under Section 88 of the Bank Act there might not be any need for a guarantee. However, this bill goes further than anything I had in mind at the time. That is why I did not mention any interest rate.

Also there is an additional safeguard.

Hon. Mr. Hayden: Under section 10.

Hon. Mr. Aseltine: It will be observed that, under section 10 of the bill, notice of every loan is made to the Canadian Wheat Board, and the board is required to pay to the minister any moneys that come into their hands for the farmer who has borrowed the money. That provision would cover Wheat Board payments made under producers' certificates which are made after the initial payment and before the farmer receives the full amount of his returns for his wheat for the whole crop year. Another restriction is to this effect, that no bank can make a loan and receive the protection of this bill if the loan is made after June 30th of next year.

Yet another protection is that the total amount of guaranteed loans must not exceed \$20,000,000; banks may, of course, continue loaning indefinitely, but must do so at their own risk. To be honest, the bill goes further and is a better bill than I expected it would be when I made my remarks on November 20th.

Hon. Mr. Robertson: A good government.

Hon. Mr. Aseltine: I give the minister all credit.

Hon. Mr. Paterson: May I ask the leader of the government (Hon. Mr. Robertson) for an explanation of the term "total amount"? Do I understand that if one hundred loans of \$1,000 apiece are made, which would be \$100,000, and fifteen loans, amounting to \$15,000, are not repaid, the government will pay the whole shot? It is the sum total of the \$15,000, not 25 per cent of each loan, that will be paid?

Hon. Mr. Robertson: That is so.

Hon. Mr. Paterson: Then the bank cannot possibly lose.

Hon. Mr. Robertson: Nobody will lose. Everybody is happy.

Hon. Mr. Turgeon: I noticed that this bill states expressly that it is to apply "to grain producers in the prairie provinces". Does it apply also to the wheat producers of the Peace River District of British Columbia? In that area wheat constitutes 90 per cent of the whole production. The farmers operate under exactly the same conditions as the farmers of the Prairie Provinces, though they are not in the area which is ordinarily called the Prairie Provinces. I should like to know whether these provisions apply to them.

Hon. Mr. Robertson: That would be an excellent question for the committee. I would think the intention is that it should apply to any producer who suffers from the inclemency of the weather.

Hon. Mr. Aseltine: It reminds one of the Old Age Pension Act, which requires you to have resided in Canada for twenty years.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: When shall this bill be read the third time?

Hon. Mr. Robertson: I move that the bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.