

a date not later than the date on which the instrument effecting adjustment of the mortgage is executed. Those words "not later than" are significant. A mortgage might be dated nineteen years before and be due in a year. The point is more or less technical, but it is not without some importance.

The last few lines of paragraph (m) of redrafted clause 16 seem to me to be out of order. After providing that the member company will permit its books to be inspected, give such explanations and additional information as may be requested, and make such reports to the Central Mortgage Bank as the latter may require, the paragraph concludes:

—and any such report may be required by the Central Mortgage Bank to be certified by the proper officer of the member company.

This does not fit into the wording of an agreement. It should, I think, be reworded somewhat like this:

and that it (the member company) will provide, if required by the Central Mortgage Bank, such certificate of its proper officer as the said Central Mortgage Bank may demand.

It is merely a matter of wording.

I would direct attention to another point. The new clause 16 empowers member companies to enter into these contractual obligations with the Central Bank. The Dominion cannot so empower provincially incorporated companies unless by the terms of their charter-powers such capacity is specified or implied.

I should like honourable members to give special thought to paragraph (n) of clause 16. This, to my mind, is the most desirable feature of the Bill—

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN:—in that it tends to eliminate most deleterious and disastrous repudiation legislation of a province.

Hon. Mr. PARENT: Is that aimed at a particular province?

Right Hon. Mr. MEIGHEN: Oh, no; it treats all alike. But it seeks to get rid of restraint on enterprise and other shackles placed on the relationship of debtors and creditors by various provincial enactments—and I might add, if the honourable members from Prince Edward Island were present, by our own Farmers' Creditors Arrangement Act. That is a very desirable feature. This Bill provides that a mortgage, loan, trust or insurance company may, by making an agreement in certain terms with the Central Mortgage Bank, become a member company. By virtue of its becoming a member company it is obliged at once to cancel all but two

years' arrears of interest in respect of its farm mortgages, and I think also in respect of its non-farm mortgages.

Hon. Mr. HAIG: Yes, both.

Right Hon. Mr. MEIGHEN: It must also reduce the total amount owing on principal and interest account, consolidating it as principal only, to 80 per cent of the then valuation of its security, farm or house, and on new money obtained from the Central Mortgage Bank it must not charge more than a certain rate of interest. However, these obligations upon the member company do not apply to mortgages or future operations in any province which the Central Bank defines as afflicted with legislation of the character I have just described; nor will they ever apply if after two years that province fails to repeal the objectionable legislation. If within two years such legislation is repealed, then all these obligations become binding in that as well as in the other provinces. We will presume that the province has repealed its legislation; then the ban or, if you will, the exclusion, is lifted, and all goes well. But suppose that a year later the province once more ties up the relationship of debtor and creditor and reduces interest. Where then is the Central Mortgage Bank? What happens at that point? "Oh," you say, "then we shall put the ban on again." Ah! but what about mortgages already in force?

Hon. Mr. HAIG: It was answered in committee that the power of disallowance would be used.

Right Hon. Mr. MEIGHEN: I presume that is about all that could be done. Otherwise you would throw yourselves right into the arms of the recalcitrant province.

Hon. Mr. BUCHANAN: Repeal would not be forced on the province. The province would accept it voluntarily.

Right Hon. Mr. MEIGHEN: But the point is this. Because of the repeal, companies have in that province reduced their mortgage interest to 5 per cent, they have cut down the principal and interest arrears to 80 per cent of the value of the security. All that is done. The companies' rights are limited and can never be restored to their original status. They have made those adjustments because of certain advantages they get from the Dominion. We will say that one or two years afterwards the province again interferes with those companies.