they were privately owned. I wonder if this question would not be the next logical one. I believe you complained in your memorandum—and I am using the word "complain" in a good sense—that the policy of the privately owned banks was not what it should be. I wonder if you and I could determine what policy means. First of all, would I be correct in saying that you had in mind, in respect of policy, the interest rate?—A. Yes. That is one thing.

Q. That is one element in policy?—A. Yes.

Q. And you believe that the interest rate is too high?—A. Yes.

Q. The next point which we have already discussed is the freedom or generosity of a lending policy. If they do not lend freely when they ought to, we will say their policy is defective. That is number 2?—A. Yes.

Q. And then a third point is the length of term. I believe you stressed that considerably?—A. Yes.

Q. In order to have a satisfactory policy, it should be possible for the farmers to get long-term loans, say up to a year in case of need, or more. That would be an element in policy?—A. Yes.

Q. And then another matter, which has come in incidentally, is the matter of security. Banks which already had security called for greater security, and the result was chattel mortgages which were extremely embarrassing to the farmers, and ruinous. If we list those four points—interest rate, freedom or lack of it in lending, security required and length of term of loans—we have pretty well covered the whole question of policy, have we not?—A. Yes.

Q. Is there anything else involved?—A. I think that fairly well covers it.

Q. The thing that you are concerned about, that I am concerned about and all these members in this committee are now concerned about is this. If it were possible for us to remedy each of those four defects without government ownership of banks, then probably the main thing which caused you to favour government ownership of banks would lose its validity; that is, if the privately owned banks could be so managed by the dominion government that they would give you the interest rate you think is fair, would give you the freedom of credit expansion which you consider is fair, the correct length of loans that you consider is suitable to your situation and the correct standard of security, then you would have no further objection to privately owned banks, would you?—A. Not in dealing with those items.

Q. Is there any other matter?—A. Yes. I want to go along with Mr. McGeer.

Q. Go ahead. What I should like you to tell me is whether I have left out any essential element of policy?—A. No. I think you have touched the main points there. But I should like to go along with McGeer and travel along to where public institutions—the provinces, our dominion, municipalities and so on—through the Bank of Canada, as a step towards the direction that we hope to get to some time, can be financed at cost.

Q. By creating money?—A. Yes. Again I do not want you to run away with the idea that I entirely agree that cost is just a little item that some people are inclined to think that it is.

Q. All right. We come to this matter of money created by the state, Mr. Bickerton, after a while. There are several of us who have brought it prominently before the committee, and have even made the committee weary of us. But I think this matter of creating money is worthy of consideration, and we will consider it a little bit later, if you do not mind. I wonder what rate of interest you think is fair. I believe you indicated about 3 per cent yesterday, What would be a fair interest rate in Saskatchewan? Would it be 3 per cent? You mentioned that Finland has given credit at 2 per cent.—A. I mentioned that at one time an analysis had been made by Harvard university which set out that the maximum rate of interest that could be carried by an average farm would be about 3½ per cent.