

Q. What is the prevailing rate in Ontario?—A. On farm mortgages?

Q. Yes.—A. I have not that informaton.

Q. You must have.—A. Not on farms. The average rate would be from 5½ to 6%.

Q. At the present time?—A. Yes, on existng mortgages.

Q. Do you not think, when you are permitted to do business under the law of this country, that you should be expected to do business in areas which need your service the same as in areas where it is not so needed; in other words, the attitude in the past has been that your companies, I take it, have done business where you can make your profits and there is no great amount of obligation to extend the service that you are expected to give in areas that are not so profitable? I think it is true that your companies realize now more than they did formerly that there is a sort of national obligation in regard to extending credit, do they not?—A. I am afraid that we still must subscribe to the idea that we should do nothing else with the money that is entrusted to us except to invest it on the basis that it will come back to us in accordance with the contract so that we can meet our own obligations.

Q. That is what I thought you would say. The purpose of this bill is to enable you to get credit from the Dominion government at a low rate of interest with the idea in mind that you will pass that benefit on to the people of Canada. If it is not your intention to do that, unless there is some good reason for your not doing it—what I had in mind was that no company should be permitted to charge 5 per cent—the companies which do not come into this scheme and carry out the intention of parliament to extend the benefit of this Act to the people will be no better off than those that could come in.—A. Mr. Tucker, I would like to make it clear that there is no objection if the Dominion government can supply money at low interest rates to be loaned for the institution controlling the interest rate upon which that money is loaned.

Q. There would be no objection?—A. No, in so far as that money is concerned.

Hon. Mr. CAHAN: No serious objection to the Dominion government supplying money for investment in districts which are not yet developed, sufficient to demonstrate that the investment is more than a gamble, because the real development and the development of the more distant parts of our country depends upon the interest rate being sufficient to cover the risk. The risk is greater in undeveloped districts than it is in urban districts and in farm districts which are nearer to the centres for the marketing of farm products.

The WITNESS: That is true.

Hon. Mr. CAHAN: It would be impossible, I think, to make the 5 per cent rate of interest applicable to the development of northern Quebec or for the development of that part of Labrador which is now a part of Quebec. Men who invest money in such undeveloped districts have an adequate return to cover the risk, and the risk involved is the risk that a certain percentage of these mortgages never will be paid in those undeveloped districts.

*By Mr. Thorson:*

Q. If you brought the general mortgage rate down would not that have the effect of bringing down the rate also in the undeveloped districts?

Hon. Mr. CAHAN: But never to bring it down to 5 per cent.

Mr. THORSON: It would bring it down.

Hon. Mr. CAHAN: Possibly. If I could not get more than 5 per cent on my money in Ontario it is quite possible that I might be willing to put it out for 8 or 9 per cent instead of 10 in northern Quebec. But the risk is fairly well estimated, I think, by those who make loans in those distant districts, and the