

will be reduced to 5 per cent. But why put the man who happens to have borrowed his money, say, at 8 per cent in that position, and not the man who has borrowed his money at 7 per cent? I cannot understand it; to me it is an anomaly.

Right Hon. Mr. MEIGHEN: Neither can I.

Hon. Mr. CALDER: Unless the state is to provide the loans which agriculturists require, we must proceed carefully, for the money must come from those who have money to lend, from loan and trust companies. We must be careful not to drive them out of business, because if we do it is quite possible the farmer may find himself in a still worse plight. In other words, has the time come when the state should provide all the money agriculturists require, at a lower rate of interest than is charged by loan and trust companies? I doubt the advisability of the state embarking on this business. We all know it is dangerous. If farmers get their loans through a state system, eventually politics is bound to enter into the business.

Hon. Mr. HUGHES: Party politics.

Hon. Mr. CALDER: Yes; you cannot keep it out. In this class of legislation we should be very careful lest in our efforts to help the farmer—and we all wish to help him—we may go too far and do him harm.

Hon. Mr. HUGHES: Is there not very great danger if we do not go some distance?

Hon. Mr. CALDER: Yes.

Right Hon. Mr. MEIGHEN: This Bill stops where it does just because if we followed the line laid down by the honourable senator from Queen's (Hon. Mr. Sinclair) we should pretty soon have all farm mortgages on our hands.

Hon. Mr. SINCLAIR: No.

Right Hon. Mr. MEIGHEN: Some mortgages would reduce the rate of interest rather than lose their mortgages, I suppose. But if the farmer can get money from the Government at 6½ per cent, even though his mortgage offers to reduce the interest from 7 to 6½, the mortgagor will take the Government loan. He knows there is an election coming some time. Consequently I am afraid you would have the Government underwriting all the farm mortgages of the country. That must be the reason why the rate stays where it is. But it is quite illogical to say, "If you

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have made a bad bargain and are paying 8 per cent on your loan we will see you through; but if you have made a fairly good bargain and are paying only 7 per cent, we will let you stay where you are. We won't help you out at all; we will help only the other fellow."

Hon. Mr. SINCLAIR: I do not agree with the right honourable gentleman. He is dealing with generalities. Let us argue on the Bill before us and the Farm Loan Act amending Bill. The Farm Loan Board accepts only the very best class of mortgages.

Right Hon. Mr. MEIGHEN: If you get into the 7 per cent class, you are in the best class.

Hon. Mr. SINCLAIR: I am trying to keep my argument within the bounds of the Bill before us and the Farm Loan Act amendment. Outside those bounds a great deal said by my right honourable friend would apply. If you go over 50 per cent or, as the amendment provides, 66 per cent of the present day appraisals, you are going into the realm of doubtful loans; but under the Farm Loan Act the Government is getting only the very cream of the loans made to farmers. The loan companies take a greater risk and charge a higher rate.

Right Hon. Mr. MEIGHEN: Some of the cream is sour.

Hon. Mr. SINCLAIR: Agriculturists today cannot get along unless we do something to peg the rate of interest at a lower point than they have been called upon to pay during the last decade or longer. The Farm Loan Act has been on the Statute Book five years. The Government of Prince Edward Island has never thought it worth while to pass enabling legislation to bring it into force, because our farmers are able to borrow money at a lower rate from private sources. It is only in the last few years that the rate has gone higher than 6½ per cent. I am of the opinion that in the years that are ahead such enabling legislation will be necessary in order to make available the advantages of this measure. However, I agree entirely with the motion.

The motion was agreed to.

PRIVATE BILL

THIRD READING

Bill 100, an Act respecting the St. Clair Transit Company.—Hon. Mr. Little.