

date of payment, and three months interest—if you desire to use that word—to obtain a discharge of his obligation. I can say from my own personal observations and experience that in many long term mortgages which were negotiated at high rates in days long since past, the inability of the mortgagor to pay his debt has been one of the most fruitful sources of present disaster; for in days when he was receiving large prices for his products he was certainly willing to pay off, but inasmuch as he could not pay unless by paying very great bonuses—and in most instances not at all—he did not bother to do so. But now, where he thinks he will be able to secure cheaper money we propose that he shall be able to pay off his mortgage if it bears a rate higher than seven per cent, and that on tendering the sum representing the principal with interest, as I have said, to a given date, and three months' bonus, the mortgagee shall be compelled to accept that money to discharge the mortgage, and if he does not do so, thereafter the rate will be only five per cent.

That is perhaps as far as we can go, because there is some grave constitutional doubt as to the right of a federal parliament to interfere with contracts solely within the jurisdiction of provincial legislatures, under the head of property and civil rights. But as I have indicated we believe we have power to legislate. Now, supplementary to the legislation which I have mentioned there is provided a Farm Loan Act, that is an amendment to the existing legislation which, while it has not been accepted by all the provinces, is in force in many of them. We propose to make some necessary administrative amendments which our experience has taught should be made, and further to authorize the loan of a somewhat larger sum than that provided for by the act, the limit being \$7,500, and instead of fixing the amount of the mortgage at fifty per cent to provide for a lesser margin of safety and increase the amount of the mortgage to sixty per cent.

In addition to that it will be observed by many of those hon. members now listening to me that after we have done all these things it is quite obvious that the unfortunate insolvent might not then be in any position to go forward, because he would have no money with which to undertake his work. We therefore propose that the Farm Loan Board shall be authorized, by way of what would amount to a second mortgage, to advance a limited sum, which is mentioned in the act—and a matter which may be considered in committee—to enable a person to provide himself with seed, implements or whatever may be necessary to enable him once more to

[Mr. Bennett.]

engage successfully in his vocation. And he may make a charge on his personal property, also, as additional security, if so desired.

Roughly, therefore, with the amendments proposed to the Farm Loan Act supplementing the provisions of the legislation which we suggest, we believe that we shall have provided at least some measure of relief to those who are the mainstay and the backbone of any country such as ours. We believe that this legislation, conceived as it is in a desire to assist those who from year to year in days gone by have produced new wealth amounting in all the provinces not to millions but to billions of dollars, will be a step towards keeping them upon the land, which is the first object we have in mind. We are trying to make conditions tolerable for those people who find themselves in financial difficulties, so that they may obtain a new start and remain upon their farms, rather than lose them through foreclosure proceedings, or become mere tenants of mortgagees who have foreclosed and taken possession. That is the principal object we have in mind, and we believe that the bill which will be founded on the resolution represents the exercise of our legislative jurisdiction so far as we may constitutionally exercise it, and that with the legislation which has been passed by the provinces and that which some expressed the desire hereafter to enact, we shall be able to do something to meet the difficulties of the agrarian, and make more tolerable his existence under present depressed conditions.

Right Hon. W. L. MACKENZIE KING (leader of the opposition): Mr. Speaker, I believe I can say that undoubtedly the purpose behind the legislation as outlined by the Prime Minister (Mr. Bennett) will meet with general approval. No one who has the slightest knowledge of conditions in farming communities can do other than appreciate the fact that large numbers of farmers have incurred liabilities in times quite different from the present, and under the prevailing conditions of the past three or four years have found it increasingly difficult to attempt to meet those liabilities. The result has been that the very hearts have been taken out of many men who have struggled to maintain themselves on the land, men who are among the main producers of our country. Any legislation coming within the competence of parliament which seeks to preserve the rights of all parties, and aims by reasonable methods of compromise to meet a situation which in some particulars has become intolerable will, I believe, speaking generally, commend itself to parliament.