Q. —which would take up these others?—A. That is right.

Q. We would have two classes of mortgage companies, one that dealt with blue ribbon land and one that dealt with less than blue ribbon land.—A. That would be the natural result. Of course, I do think this, that on the basis of the bill standing as it is, I do not think that there can be sufficient volume of business represented by the potential membership as long as that curtailment on future lending is in the bill.

By Mr. Tucker:

Q. Supposing we, by virtue of our power to legislate in regard to interest decide that, in view of the fact that we have cut down the interest on bank deposits from 3 to 1½ per cent and cut the rate which the banks are allowed to charge from 7 to 6 per cent and that we would also cut the rate that shall be charged in regard to all securities to 5 per cent; that your companies, in order to put out the money they want to put out will not be able simply to say, "We won't do business in these particular areas," but will have to go out and do business as they have done? If they decide to curtail their activities by not doing the work they are permitted by law to do, they may be incurring the possibility of further legislation in regard to the matter? In other words, do you not think when you have certain rights under the law that you also have certain obligations? I put that question to you quite seriously because, so far as I am concerned, I think the mortgages at high interest rates which were supposed to have done so much to benefit the western farmers have in the long run done more harm than good.—A. Mr. Tucker, you are entering into a pretty broad discussion. After all, what the interest rate was on mortgages in western Canada was only a reflection of what interest rates were generally throughout the whole of Canada. I paid an interest rate on my mortgage on my house in Toronto that was comparable to the interest rate in western Canada.

Q. What was it?—A. 7 per cent.

Q. The rates charged by many mortgage companies in the west ran from 10 to as high as 12 per cent.—A. If you want to stick to a case of real comparison, comparing things that are comparable, you will find, as I say, that considering the expenditure of doing business, the character of the security in, say, the city of Toronto, where you have a concentration of lending and a volume, and comparing that with the same company lending money in Saskatchewan and its expense of doing business out there, the rates are comparable. Again, they compare with what the Dominion of Canada was paying on its own bonds. In so far as interest rates coming down on Dominion of Canada bonds and on deposits, they have also been coming down on mortgages, and they have been coming down consistent with the ability of the companies to do that. For example, companies also have term contracts; loan companies and trust companies have borrowed money and are still paying 5 to 5½ per cent on their term contracts now. It all comes back to a question of ability and of discharge of their duties and obligations, because the money as represented by individual companies is not money that the president or board of directors or manager can do with as he likes. It represents definite obligations to other people who have invested them with that money on the understanding that they will carry out their obligations.

Now, consistent with that, they have been meeting as far as they can the question of the bringing down of interest rates on mortgages and particularly western farm mortgages, to bring them more in line with what has happened in regard to prices, earning power and other conditions, with the result that to-day you have, for example, almost a universal 6 per cent rate prevailing on western farm mortgages which is not an economical rate from the standpoint of "Can you make money at that"?

[Mr. P. D'Arcy Leonard.]