

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: At first sight the Bill as it came from the Commons was somewhat attractive. It was heralded throughout the country that farm loans could be reduced to 5 per cent; but when we examined the text we found that only loans bearing a higher rate of interest than 7 per cent were affected. As the House of Commons had apparently approved 7 per cent as a fair rate, we wondered why it was that in certain cases the rate could be brought down to 5 per cent. I agree with the honourable gentleman that the Senate's view was the more logical.

Hon. Mr. SINCLAIR: I did not gather from the remarks of the right honourable gentleman whether the other House insisted on reinstating the three months' notice which we struck out.

Right Hon. Mr. MEIGHEN: We reworded the clause, striking out the three months' notice and changing the 5 to 7 per cent. The Commons have declined to accede to the amendment and have given their reasons. If we do not insist on our change, the whole clause is restored; which means the three months' notice is restored.

Hon. Mr. SINCLAIR: Has the right honourable gentleman the reasons given by the Commons for non-concurrence in our amendment?

Right Hon. Mr. MEIGHEN: Yes. They were read yesterday, but I will state them again.

Hon. Mr. SINCLAIR: I think it was to-day.

Right Hon. Mr. MEIGHEN: The Commons said, in effect, that the purpose of the 5 per cent provision was to ensure the paying off of mortgages carrying over 7 per cent, and that if the 7 per cent were retained mortgagees would not desire to be paid off.

Hon. Mr. SINCLAIR: It was rather to ensure acceptance by the mortgagee of his principal.

Right Hon. Mr. MEIGHEN: Yes. The honourable gentleman would not say it was logical. The Commons gave no reason in respect of the three months' notice, but I fancy if a mortgagor's interest is reduced from 8, 9 or 10 per cent to 5 per cent, the three months' interest in lieu of notice is probably not a very great hardship.

Hon. Mr. SINCLAIR: I think we should admit that the Commons are more practical in their viewpoint. High rates of interest are a burning question with agriculturists.

When the rate goes over 7 per cent it becomes very hard for the mortgagor to pay. Under the companion measure to this Bill, the amendment to the Farm Loan Act, we are making it possible for farmers to borrow money at 6½ per cent on first mortgage. On second mortgage the rate is raised by 1 per cent. I think this is a mistake. Only farmers with good security can borrow under the Farm Loan Act. I would go further, and suggest that the farmer paying over 6½ per cent should be permitted to tender the principal if his mortgagee will not accept a lower rate of interest.

Hon. Mr. CALDER: To what point?

Hon. Mr. SINCLAIR: I suggest 5 per cent. Possibly this would not bring about a reduction to 5 per cent, but when the borrower is given the right to tender the principal, a medium of negotiation is opened between him and his mortgagee. I do not imagine that many farmers could borrow money much below 6½ per cent, but they can secure money at this rate from the Farm Loan Board. When the mortgagee is tendered his principal he is likely to ask, "How much cheaper can you get the money?" The mortgagor replies, "I can get it at 6½ per cent." Then the mortgagee is very likely to say, "All right, since you can get it at 6½ per cent I will accept the same rate." I think this will be the effect of clause 17. It gives the farmer an opportunity to get his interest reduced to a reasonable rate. I think anything over 7 per cent is unreasonable.

Hon. Mr. CALDER: It strikes me that if the present trend continues the time will probably come when the Government will have to take over the farm loan business. I am quite in favour of the principle that agriculturists should get their money at the very lowest possible rate of interest.

Hon. Mr. SINCLAIR: Hear, hear.

Hon. Mr. CALDER: We are a little slow in that regard. I know that some years ago the farmers of France, Belgium, Holland, Denmark, Germany and other European countries were, through indirect state assistance, getting their money at from 3 to 3½ per cent. We are providing for a state system of farm loans at 6½ per cent.

Hon. Mr. SINCLAIR: On first mortgages.

Hon. Mr. CALDER: Yes. Under this Bill, if a man has been paying 7½, 8, 8½ or 9 per cent, and he tenders principal and interest, the mortgagee must accept payment, or the rate