

Hon. Mr. ROSS: This is a good farmers' bank, I think, from the look of it.

Hon. Mr. DANDURAND: The bank may offer the best paper that it has in its vaults, from the best firms, and the board may, after looking at the paper, advise that it is paper upon which an advance can be made.

Hon. Mr. ROSS: The banks will have no excuse hereafter for not lending to farmers all the money they want, because the farmers can say to them: "You can rediscount with the Government."

Hon. Mr. BEIQUE: But the honourable gentleman drew attention to section 11 just to show that the promissory note must not represent investment of capital.

Hon. Mr. ROSS: That makes it all the worse, so far as I can see. The farmer may spend that money in travelling, or at the circus. It would be far better for him to put it into capital on the farm.

Hon. Mr. BELCOURT: I do not see why an attempt has been made to classify promissory notes or bills of exchange as agricultural, industrial, and commercial. It is very difficult to conceive of any promissory note in connection with anything outside of these three classes mentioned in paragraph e. Why attempt to make a distinction? It is not plain. I think I see my honourable friend's (Hon. Mr. Ross's) difficulty.

Hon. Mr. DONNELLY: I do not think the clause is any inducement to banks to advance money to farmers or take notes for agricultural purposes. The bank becomes the endorser of the note. If the man is no good, the bank loses the money. The banks will protect themselves and will not make any advances without proper security.

Hon. W. B. ROSS: It is far better to put in a general statement that the Government can rediscount any note that the bank offers to it. You need not mix up the matter at all.

Section 2 was agreed to.

Section 3 was agreed to.

On section 4—documents may be forwarded with commodities:

Hon. Mr. BELCOURT: I do not see why that is merely optional? Why should it not be obligatory? If there are any documents validating or supporting any security, they should be produced with the security itself. I think it should read, "shall permit... to go forward."

Hon. Mr. BEIQUE: It is because of its application to bank practice. Sometimes it

Hon. Sir JAMES LOUGHEED.

is not practicable to have the note accompanied by the bill of lading. The bill of lading follows the goods, and the document is sent by a bank to another bank, in England or the United States, to make the connection.

Hon. Mr. DANDURAND: And in that case—

The bank shall be a trustee for the Minister, to the extent of the advances, of the proceeds received for such grain or commodity.

Hon. W. B. ROSS: That is all right.

Section 4 was agreed to.

On section 5—maturity of promissory notes pledged:

Hon. Mr. FOWLER: Sections 5 and 6 seem to conflict. Clause 5 requires that the pledged bills shall not have longer to run than six months from the time they are pledged, whereas clause 6 provides that the term of the advance may be twelve months. If the pledged bills are sufficient to pay the note, it will be paid in six months instead of running for a year. Does the Minister see the point that I am trying to make?

Hon. Mr. BEIQUE: The advances are not limited to promissory notes.

Hon. Mr. FOWLER: But they may be made on promissory notes.

Hon. Mr. BEIQUE: Yes.

Hon. Mr. FOWLER: And why should not those promissory notes run the same length of time as the loan? That is the point. Suppose they are made for six months and the loan is for a year. The note will be paid when only half the term of the loan has expired. There will be that much of the payment made; so it is not really a loan for a year.

Hon. Mr. BEIQUE: I understand that the loan, in so far as it is made on promissory notes, cannot be made for more than six months.

Hon. Mr. FOWLER: That is it exactly.

Hon. Mr. BEIQUE: But it may be made on other security.

Hon. Mr. FOWLER: Of course it may be made on other security; but why should not the promissory notes to be pledged be confined to notes that have only six months to run? Why should they not be coterminous with the loan?

Hon. Mr. DANDURAND: It is because the notes are documents in the hands of the bank. They may be made for three months or for six months. Section 5 says that those