

Mr. HANBURY: Although they are paying five per cent.

Mr. BENNETT: No, this was one of the insurance companies. I am putting the case exactly as it was put to me, and I think the hon. member for Macleod, if he were sitting in my place, would hesitate to submit to parliament legislation that, retroactive in its character, would abrogate contracts and substitute for the will of the parties the supreme will of parliament as expressed by a majority in the house, with the result that institutions that had borrowed and given promises to pay in other lands, would be made insolvent.

Mr. COOTE: Of course the Prime Minister has some advantage over us in this connection in that he has discussed this matter with the companies that have lent the money, but unless there is a greater advance in the price of farm products than we can see at the moment, some of those companies are bound to take losses. That is inevitable; it simply cannot be avoided. What I am suggesting is not, I think, unreasonable; it is something many of the companies might have done voluntarily before this. I know companies that I am sure have not sold a debenture outside Canada, are still insisting on the eight per cent to the very letter of the law. I say again that what I am suggesting was done in Australia by law.

Mr. BENNETT: The situation there, as the hon. gentleman knows, is entirely different from that here.

Mr. COOTE: Australia, of course, may or may not be the proper example for us to follow. To come to the question which the Prime Minister raised as to where the jurisdiction lies, it must lie either in the province or in the dominion or jointly in the two to do this thing which seems to me to be so necessary. I am not, however, going to press the point further to-night. We will examine the legislation when it comes down, but if there is not some provision in it for dealing with eight per cent mortgages we shall simply have to urge the matter again upon the government. I suppose that is all we can do.

Mr. HANBURY: My understanding of the explanation given by the Prime Minister is that the very situation that the hon. member for Macleod (Mr. Coote) is bringing to the attention of the committee has been taken care of by the requirement that will force the mortgagee to accept the lower valuation, not [Mr. Bennett.]

only on his principal but also on the interest that has not been paid to date. If that is the condition, I think the legislation has already been made retroactive.

Mr. COOTE: That is only in connection with those who are actually insolvent to-day. There are still some farmers who are solvent; I mean they have kept the interest paid, but I do not see how they are going to pay it much longer, and for their sake, rather than have them drift into insolvency through a rate of eight per cent, parliament and the mortgage companies themselves would be well advised to consider the passing of legislation which would reduce that rate of interest. There are some companies which are willing to take action to-day, but they say, and very properly, that they cannot be expected to do so if their competitors will not. They say: We are in the life insurance business; we want to show as good a return as the other companies; we want to pay as good dividends to our policyholders; if our competitors are charging eight per cent, we must follow the same policy. I shall not labour the point any more; I believe the Prime Minister knows the situation and we will see what the legislation provides in respect to the matter. Unless it provides more than I understood from the Prime Minister's observations this afternoon, we shall have to urge at a later date that some action be taken to deal with the matter.

Mr. STEWART (Edmonton): I quite appreciate the situation the hon. member for Macleod (Mr. Coote) has brought to the attention of the committee, but having had some experience with soldier settlers on the land where a considerable number of them paid out in full I know there is no doubt there was discrimination against those individuals. Personally I prefer to wait until I see the bill before entering into a discussion of the matter, but if the bill provides machinery for the adjustment of present difficulties it will, I think, have met a want and will be appreciated.

I was going to say that the tables presented by the Prime Minister are intensely interesting, but of course they cover only farm mortgages, and I note from the wording of the resolution that the board to be set up will have authority to deal not only with the mortgage situation, the actual farm mortgages, but with other indebtedness of the farmer as well; therefore it is broader in its aspect than merely dealing with the mortgage situation.

Mr. BENNETT: That is so.