

The Address—Mr. Stinson

and the business man to develop his business. These companies, which have for investment hundreds of millions of dollars made up of the savings and insurance premiums which the people of Canada have entrusted to them for safe keeping, should be allowed to present their case to a committee of this House and to give us the benefit of their experience in the lending business, an experience which would be of great use to this House and to the people of Canada at large.

Denmark and Holland get the cheapest money for agricultural purposes in western Europe at the present time. In Denmark the lending is done through credit associations. A borrower, on becoming a member, pays an initial premium of one and one-half per cent to the association. He then executes in favour of the association a mortgage bearing interest at five per cent, and the association, instead of paying him cash for the amount of his loan, delivers to him bonds of the association. These bonds are now issued bearing interest at $4\frac{1}{2}$ per cent, although when money was cheaper they were issued at a lower rate. The borrower has to sell his $4\frac{1}{2}$ per cent bonds in the open market and they fluctuate in price the same as any other securities. These bonds were quoted in Denmark on the 21st of January, 1926, at from 85 to 87 cents on the dollar. It would therefore appear that a borrower in Denmark in the third week of January, who borrowed \$1,000 on a mortgage on which he agreed to pay interest at the rate of five per cent, would receive from \$850 to \$870 in cash. This substantial discount would have to be borne by him over the period of his loan, consequently he is paying considerably more than five per cent on his mortgage. During the middle of last summer these Danish bonds were selling at from 78 to 80, so that the rate to the farmer was higher at that time than it was on the 21st of January of the present year.

In 1916 in the United States the cry of cheap money was raised as being a cure for all the ills of the farmer in the middle west. In less than ten years the Farm Loans board of the United States has invested \$1,500,000,000 in mortgage credits. Still the farmer of the middle west has found that that has not been a panacea for all his ills, and he is now making further demands upon the government along other lines. The money of the Farm Loans board of the United States was obtained by the issue of tax free bonds. These bonds were largely bought by wealthy individuals who escaped the income tax, and there has been a serious loss to the treasury of that

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country by the issue of those tax free bonds for that purpose.

Manitoba, Saskatchewan and Alberta have also entered upon schemes of rural credits, Manitoba, according to the premier, expects a loss in the neighbourhood of \$650,000 to \$700,000 on an issue of \$3,000,000. Saskatchewan has large arrears and has had to advance considerable sums to its borrowers for seed grain, taxes, hail insurance premiums, et cetera. In 1922, 1923, and 1924, only \$91,000 was collected by Alberta under the Live Stock Encouragement Act, while during the same period the Alberta government, which guaranteed the advances to the banks, had to pay the banks \$497,000. The government therefore had to make good losses to the extent of \$406,000; and this came from the pockets of the people generally. If these provinces have found it difficult to collect, would not the federal government find it even more so, with the centre from which the lending was made transferred from the west to Ottawa?

In Canada there is no lack of money for lending on mortgages at present, and competition will force a reduction in the rates. When the war broke out, money was being lent in the west in approved districts at seven per cent, and during the war period the government of Ontario paid as high as six per cent for money. The average loan in Manitoba, Saskatchewan and Alberta per quarter section of land is \$1,500. Supposing you get a saving of from one to two per cent in your rate of interest, that would mean a saving of \$15 to \$30 per annum, and surely such a saving is not a matter of life and death as some parties who are sponsoring the system claim. Western agriculturists have pointed out that by a careful selection of seed and better rotation of crops, there can be obtained a higher yield of five bushels to the acre of wheat, ten bushels to the acre of oats, seven to eight bushels to the acre of barley and rye. This increased yield at present prices would amount to between \$300 and \$400. To the owner of a quarter section who has 100 acres under cultivation, this is infinitely more important than a saving of \$15 to \$30 in interest charges.

The mortgage business in Canada as a whole has been fairly carried on. There have been some cases of hardship, but not many. The mortgage lending companies have played a fair and a large part in the development of Canada and we must treat them fairly. The rates which they have been charging have been determined by the rates that they have had to pay for their money, plus a reasonable charge for administration. None of the