

missioner that it is issued under the authority of this act and that at the time of issue the board holds first mortgages on farm lands at least equal to the total amount of bonds issued under this Act.

Why not have that clause amended so as to read:

—the board holds first mortgages on farm lands and securities, in keeping with subsection (d) of section 4, to the full amount of the bonds issued under the act.

Why in addition to the first mortgages should we not allow this other first class security? Has the minister considered the point?

Mr. ROBB: I am sure my hon. friend does not want to turn this board into a bond investment company.

Mr. GARLAND (Bow River): Not at all. The minister has already gone further in that respect than I would have done myself.

Mr. ROBB: The previous section referred to investments in federal and provincial guaranteed bonds. They may invest in those, but they must have mortgages. Otherwise what are they for?

Mr. GARLAND (Bow River): Yes, they must have the mortgages also, but when you have an ample supply of guaranteed bonds purchased as investment by the board, why should that not be taken into account? With respect to subsection 4 of section 6 which says:

And that at the time of issue the board holds first mortgages on farm lands at least equal to the total amount of bonds issued under this act.

The board might have first mortgages on land and a considerable amount of these other securities besides.

Mr. STEVENS: Subsection (d) in section 4 is a permissive clause and covers extra funds which the board may have, that it has not yet loaned out in accordance with the main intent of the bill, namely, on farm lands; but in order that they may earn for them in the interim as much as possible, they may purchase bonds and so forth, of a certain class, suppose the board has two or three million dollars invested; before borrowing any more money it would dispose of those debentures and loan that money on farm loan credits. If the board did not follow such a course it would not be doing its duty under the act. Therefore I do not see any need for the amendment my hon. friend suggests. If that amendment were carried it would be an indication to the board that parliament expected them to keep those securities in reserve, which is not the intention. The intention is to have the board loan this money on farm loan credits.

But suppose they market an issue of ten million dollars, they cannot invest it immediately in farm loans, but they can place it out at interest while they are arranging these small loans. I suggest that it would be preferable to leave the section as it stands.

Section agreed to.

On section 7—Conditions for loans.

Mr. STEVENS: Now we come to the subject of that amendment. I approach this matter with an open mind. I certainly hope the board can restrict its expenses and so forth within the one per cent fixed in this act. I agree with my hon. friend who spoke a moment ago, that it is desirable that if possible we force the board to keep within that limit. I am inclined however to the view that in the early stages it may be difficult for them to do so. It may be one and a half per cent or one and a quarter per cent, and I would be willing to give the board discretion and would favour the adoption of the amendment made by the Senate eliminating the restriction to one per cent. I am not worked up about it at all, but I feel that as a matter of sound common sense they should be given a free hand to that extent.

Mr. ROBB: In common with my hon. friend from Vancouver Centre, I am not worked up about it, and I am not going to worry much over it. In the original bill as presented last year there was no limitation of any kind. The words "not exceeding one per cent of the amount of the loan" were inserted when the bill was in committee. I observe there seems to be a misapprehension as to what this one per cent means. Perhaps there should be a comma or a semicolon in that sentence. However, it clearly provides that the one per cent is for the expenses of operation and reserves for losses. I think that is clear, but if the committee wants to strike out the words I do not object. I want to put the bill through just as it left the House before.

Mr. STEVENS: I am not going to press the matter, but sometimes, in order to get a larger measure, it is well to give way in small matters. I consider this of such minor importance that if we can facilitate its passage through the Senate by acceding to their view, I certainly would rather do it than risk the bill.

Mr. CARMICHAEL: I fail to agree with the remarks which the hon. member has just made. I am rather of the opinion that the cost of operation is one of the large matters