

*Farm Indebtedness*

the moment in the bill the definition adopted is the definition that appears in the Bankruptcy Act, namely, one solely engaged in the tillage of the soil. Obviously that definition is not sufficiently comprehensive to meet cases that must be dealt with under this act, and the committee will perhaps be able to suggest a more comprehensive definition of "farmer." We propose at any rate to make it more comprehensive than it appears in the bill, but I adopted the language of the Bankruptcy Act for the purpose of discussion in the first instance.

Mr. SPENCER: May I refer for a moment to legislation passed about a year ago with regard to helping companies out of their difficulties. I understand that the legislation then passed enabled companies, if sixty per cent of their creditors agreed to take a certain rebate, to settle their liabilities and start over again without going through bankruptcy proceedings. Will the same system be followed in this legislation in relation to farmers?

Mr. BENNETT: This legislation has been delayed because the decision of the supreme court as to the validity of the legislation passed last year has not yet been handed down, but I thought that rather than delay it any longer I would introduce this bill, and it may be modified to some extent by the decision when it is given. I should think the court will hand down its decision to-morrow or the next day; that is my understanding. This bill does contemplate the application of somewhat the same principle, although there is the variation that there is an official whose business it is to assist the farmer with his creditors in arriving at an adjustment of his difficulties; and if there has been failure, as I indicated this afternoon, there will be, through the board set up in each province in the manner I have already indicated, a further opportunity to prepare a scheme of arrangement and compromise which it is believed will be acceptable to all parties concerned.

Mr. SPENCER: Which court is considering the question?

Mr. BENNETT: The Supreme Court of Canada.

Mr. COOTE: Might I ask the Prime Minister, in regard to the question I raised before six o'clock about the reduction of interest rates on existing mortgages, whether consideration was given to that question by the government in preparing this legislation, and whether it is not a fact that the committee which last year was inquiring into the ques-

[Mr. Bennett.]

tion of debts and interest rates received advice from the attorneys general throughout Canada that the dominion government did have jurisdiction in connection with that matter.

Mr. BENNETT: The hon. gentleman is as familiar as I am with the terms of the advice given to the committee. There are still differences of opinion with respect to that matter. The government naturally has given much consideration to it, and in a section of the bill that will be based on the resolution there is provision for dealing with mortgages that carry a higher rate than seven per cent, and the method by which that rate may, if certain conditions are not observed, be reduced to five per cent. But to pass a retroactive confiscatory bill with respect to mortgages would, we thought, be more hurtful than beneficial to this country, and I think that on reflection the hon. gentleman will agree, when he sees the legislation, that we have gone as far as we can without placing ourselves in that position.

Mr. COOTE: Perhaps when we see the bill we shall find in it something which it is not possible to see at the moment, but there are a great many farmers now with mortgages at eight per cent. They are managing to keep that paid up by hook or by crook; I mean, they are in the last extremity to keep that eight per cent paid up. It is one of their ambitions to meet their obligations in the terms in which they were undertaken, and because of the increase in the purchasing power of money it would be, I submit, only just to these people who are paying interest at that rate, and it would not be working an injustice on the recipients of the interest, if the rate of interest were by law, from the date of the passing of the act, reduced to a lower level. The Prime Minister, I know, is familiar with the action taken in Australia where by law, rates of interest on mortgages were reduced by a certain percentage of the existing rate or down to five per cent, whichever was the greater. I do not see why we could not adopt the same principle here; there is such necessity for it. Many a farmer is in a difficult position, carrying a mortgage that may be considered the maximum which his farm will bear, and on which he has so far paid eight per cent and must continue to pay that rate unless he can make some arrangement under the new bill. He is competing perhaps with a neighbour who has bought a farm from a mortgage or loan company or from some private person who has obtained it under foreclosure or abandonment by a former owner, and he may have secured it at