

APPENDIX No. 3

Q. Do they say what their overdue payments were?—A. No, but they do say that their overdue payments and all the lands that have been foreclosed have been written off.

Q. Of course that is a very easy way of disposing of the situation; do they say how much has been written off?—A. No, sir.

Q. Have you read the last report yourself?—A. Yes, I have read it, and there is a summary here, one paragraph which summarizes the whole thing.

“To summarize briefly, the twelve Federal Land Banks have, during the year, sold to the public all the farm-loan bonds they desired to offer; have reduced the rate of interest to borrowers one-half of 1 per cent, and met all the calls upon them where applications were satisfactory, having closed 74,055 loans, in the aggregate sum of \$224,301,400; have retired treasury stock to the total of \$2,333,890, and voluntarily repurchased farm-loan bonds held by the Treasury in the sum of \$70,150,000; have charged to their undivided profits all lands acquired by foreclosure and all instalment and interest payments more than 90 days overdue; and, after doing this and paying liberal dividends to shareholders, have nearly doubled their reserve account by adding thereto more than \$1,300,000, and start on the new year with an undivided profits account \$1,117,597.36 larger than a year ago. This would seem to be a result in every way satisfactory.”

Q. Who is at the head of that Board; what is his name?—A. This report is signed by A. W. Mellon, Secretary of the Treasury.

Q. Whoever is responsible for that situation should be proud of it.—A. Of course that bears out the statement Mr. King made, that the whole scheme can very soon be taken over by the farmers, with the assistance the Government is giving and in the payment to the Federal Farm Loan Board, with just those five men at the head of the thing and their officials. The free capital the United States has invested will very soon have been retired, and the profits that have been made will be amply sufficient to carry the thing on. They have paid in dividends up to December 31st, 1922, \$4,574,292.96.

By Mr. Sales:

Q. Dividends to whom?—A. The Lands Banks have paid that in dividends to the National Farm Loans Associations, which are the local organizations.

By the Chairman:

Q. And the local shareholders?—A. These associations are building up reserves, making the thing more secure all the time.

By Mr. Sales:

Q. This is not all interest to the bondholders, but dividends to the people who borrowed the money?—A. Yes.

Q. Cash dividends?—A. Yes. I have not come here with a cut and dried scheme for Canada. What I wanted to put before you was that we want something like this, and that we have the experience of other countries, which is sufficient to guide us, and which demonstrates the fact that it can be carried on as a concrete business proposition. It is not a matter of the Dominion Government subsidizing borrowers, or anything like that. There is one way in which it can be done in this country, that is, to establish a system like the Federal Farm Loan system.

Q. Is that your view?—A. I think you might possibly work more easily along the lines of the second suggestion I wish to make, that is, to take advantage of the machinery that is now in existence in Manitoba and Saskatchewan at least, as well as Ontario.