

upon individual companies joining a Central Mortgage Bank and doing certain things, on behalf of them I am pointing out to the government and to this committee what difficulties there may be in the way of membership in that bank. In so far as the Ontario farm mortgage situation is concerned—I am speaking generally, just from my general knowledge—from the time that the Farmers' government in Ontario created the Agricultural Development Board and loaned somewhere, I think, about \$55,000,000—not that government, but the loans altogether ran up to about \$55,000,000—the business of the board resulted in really a driving of the institutions to a great extent out of the farm mortgage business in Ontario. There is still a volume of business, but it is not of such a large proportion in the general picture, largely because of that situation.

Q. Is there any situation in Ontario which the companies in your association may not satisfactorily adjust on particular personal applications being made for that purpose? Do you require government credit in order to make such adjustments?—A. I do not think that the matter of individual adjustment by the companies per individual case can be put at all on the basis that they require assistance per individual case.

Mr. WARD: Mr. Chairman, I should like to refer to a question which Mr. Cahan asked a few minutes ago. I think something should be said on it; I think we should get it very clearly in our minds. Mr. Cahan asked a question as to whether we should differentiate between money loaned on mortgage security and money loaned on, say, just the moral risk—take, for example, a bank loan. It does seem to me that there is clearly and definitely a difference. If I have money to loan, and I loan it on, say, on farm security, I take a mortgage on the farm. I have a definite, tangible security. I become a partner, do I not, with the mortgagor? And to that extent, it seems to me that we must, in order to justify this legislation, clearly differentiate between the two, and decide that there is a difference. To my mind, as I say, the difference is very clear and definite, that the mortgagee does become a partner with the mortgagor when money is loaned on farm security. I have in mind many, many examples. Mr. Cahan gave one, I presume, that occurred in Montreal. I have in mind one of many that have come to my notice. It is a case where a man had paid \$15,675 on a farm. I hold the receipts in my own office in Dauphin. There was an appraisal. I questioned the mortgagee's moral right to insist upon further payments, and there was still \$5,750 against this farm. I insisted so long and so persistently that the mortgagee said, "Well, we will have this farm appraised." They called in very competent appraisers of three different mortgage companies, and the maximum valuation placed on the land was \$4,200. The man had paid \$15,675 on the mortgage and there was still \$5,750 owing. What would you do in a case of that kind?

Mr. LANDERYOU: There are thousands of cases like that; yes, tens of thousands.

Mr. WARD: I merely point out that the man who loans out money must, by every moral reasoning, become a partner with the borrower.

Mr. CLEAVER: If he was a partner, he would share in the profits.

Mr. LANDERYOU: There were not any profits.

The CHAIRMAN: Order.

Mr. WARD: The reason I rose, Mr. Chairman, was to point out that, in order to justify this legislation, it seems to me we must clearly differentiate and decide that there is a difference between money loaned on moral risk and money loaned on definite tangible security such as a farm.

Hon. Mr. CAHAN: I have knowledge of definite, tangible securities on which I have obtained loans which depreciated very sadly in value in recent years. However, there is another question I should like to ask the witness.

[Mr. P. D'Arcy Leonard.]