

Q. I have one or two other questions to ask. I gathered from your remarks that you take no objection to the farm adjustment feature of the bill?—A. What we say is this, that if the government has in mind the reduction of the rate of interest on farm mortgages to 5 per cent, thus writing down the amount to 80 per cent of value, we think that will be a real contribution to the agricultural industry, and to the extent that we can play a part in it, we are prepared to do what we can.

Q. And the same thing applies to that class of urban mortgagees who are in default?—A. I am speaking once again generally subject to the fact that each individual company must make its decision finally.

Q. What we are seeking now is to get the general reaction of the companies to this bill?—A. Yes.

Q. Then on the appraisal, I also gathered from your remarks you would be agreeable to the suggestion that Mr. Dunning, Minister of Finance, made a little while ago, that some machinery could be set up—I am talking about the practicability of it, if it is possible to set up some machinery which would permit of an adjustment before an individual appraisal is necessary?—A. Yes.

Q. You agree?—A. Yes.

Q. And under those circumstances you would remove considerable of your objection.—A. From the control standpoint, and from the method of procedure, if the mechanical end of it can be brought within practicability, then we get back to the question of the urban mortgages and the extent to which each company can take the loss involved, plus the valuation. I do not know whether I understood correctly, whether I answered according to what you had in mind, Mr. Dunning, when you said that the company would make the adjustment as soon as the agreement was made.

Hon. Mr. DUNNING: Perhaps I should clarify that—I mean, following Mr. Stevens thought—perhaps I should clarify there to this extent, that on poring over this problem of what might be called the mechanics, which I have sketched, first of all we attempted just to see the mechanical significance of the problem, and a point which I could not overcome was the fact that no matter what machinery was in position a very considerable length of time would be involved during which there would be a more or less uncertainty of relationship between the debtor and the creditor which I regard as unfair to both; and it was on the basis of the confusion which might result from that lengthy period of time that I evolved the suggestion that very probably we could meet it by arranging for an adjustment to be made as quickly as possible by the companies toward the borrowers but subject to final adjustment in accordance with the appraisal features of the bill. That is what I had in mind for overcoming that confusion of relationship over a lengthy period of time.

Hon. Mr. STEVENS: Yes, I follow the minister. Might I interject, I think this would be the place to do so, the experience under the Farmers' Creditors Arrangement Act has been rather trying in that respect. I understand that there are such a volume of applications before that organization now that working the way it is it would take them something like 40 years to deal with them.

Hon. Mr. DUNNING: No, I am sure that is quite wrong.

Hon. Mr. STEVENS: That is, carrying out the investigation principle. Well, we will not say how long it would take, but there are a tremendous number waiting action.

Hon. Mr. DUNNING: We will bring you information as to the number outstanding at the present time.

Hon. Mr. STEVENS: The point I am making is that I think we should take advantage of the breakdown there so as to see that a similar situation does not occur in connection with the administration of this Act.

[Mr. P. D'Arcy Leonard.]