

occasions when it may be necessary to sacrifice that sound initial principle in order to arrive at the necessary conclusion. I would like to instance, for example, in that connection southern Saskatchewan. I do not think there is anybody who could reach any other conclusion than that there was a situation there of such a general character for which the people were not responsible that it cannot be dealt with on any other basis but some general plan.

Q. I quite agree, but going into the matter with some care and an appreciation or evaluation or appraisal of the real property of which the farm consists being the only basis on which a reduction is to be made, the fact is that the property may have depreciated but the money obtained on mortgage may have been used for other purposes, for equipment, for the purchase of cattle and horses, and for many other things except merely the improvement of the real estate. So long as the farmer has clearly the ability to pay, do you not think that to relieve him of his mortgage indebtedness would create a lack of confidence not only in the present but in the future on the part of your companies and the part of any other lender that is asked to lend on farm property?—A. I think that there is so much force in what you say that I can only repeat once again, where the general problem seems to be the greatest, there seems to be, to me at any rate, and I think those that I represent, difficulty in choosing an alternative. The justification for the general plan is to be found in what appears to be the nearest thing to a practical solution of it, and I would qualify that, for example, by saying that if the general situation in farm mortgages was comparable to the urban mortgage situation I believe I would agree with you. There is in connection with the farm mortgages and farm debts the Farmers' Creditors Arrangement Act now operating, and it will still continue to operate so far as other debts are concerned in the three provinces where the problem of the debt situation is the gravest. In the other provinces there is not as severe a problem; possibly the necessity of dealing with the matter generally brings them into the whole picture.

Q. I quite agree with regard to the distinction between farm and urban property. I have a case in mind now, but is a case that exceeds the amount of \$7,000. I know a man who was very well to do who purchased a property for \$150,000 not so many years ago and he paid for it by placing a mortgage of \$100,000 on the property and paying off \$50,000 in cash. To-day that man, simply because he wishes to keep his engagement, has paid off the whole of the price of the property and all of the loan on the property. To-day, under the valuations which are current, that property is not to be valued at more than \$35,000 to \$40,000, so great has been the depreciation. But are not men in farming districts as well as those in urban districts bound to assume a certain liability in respect of annual income from or the annual value of their property to the extent of paying their debts according to the ability to pay? I quite agree with you in regard to lower Saskatchewan where men have been wiped out. It is like a fire wiping out a large part of a city or like a flood wiping out a large agricultural district along the valley of some river. These are matters which parliament should take into consideration and grant some relief in order that tillage may go on after the flood has subsided or in order that homes may be rebuilt after the devastation by fire. But, for the life of me I cannot understand why even in these depressed times, a man who has available assets which may be liquidated should not pay the engagement which he has undertaken, whether that of an ordinary debt or a mortgage debt. I cannot conceive any difference between a mortgage debt and a specific debt, a note of hand, a promissory note discounted in the bank. Unless men are expected to pay their engagements, their indebtedness, why you destroy all confidence in credit which permeates every phase of business from one end of the country to the other, and to destroy that, paralyses, it seems to me, business and trade.