

much, the same thing applied to eggs, or pigs, or anything at all. There is the story about the lady who could not sell her eggs when she took them to town—at least she could get only 5 cents a dozen for them—so she decided to take them back and feed them to the hogs, and she found that when she fed the eggs to the hogs that the hogs grew very fat very quickly, so she brought the hogs to town and she could get only 5 cents a pound for the hogs, so she decided to take the hogs back and feed them to the chickens and then she found that the chickens produced eggs more quickly than before, so the cycle was completed. So this does not just refer to wheat.

Q. That is an excellent story, because it illustrates this very point which confounds the legislators and orthodox economists in the world today. They do not just know what to do with abundance. They know how to function in days of scarcity, but they do not know how to function in days of abundance such as we are experiencing in this age. Fundamentally and primarily the problem which confronts us in this committee is to find out how to function under abundance? A. Yes.

Q. Now, no matter whether the bank were government-owned or not it would have to have some security, and if the value of the security which it possessed were to be destroyed by a ruinous fall in prices it would be necessary for even a government institution to go out and get more security, would it not? A. Yes, to balance the economy.

Q. Even a government-owned bank would fall into the misdemeanors of which you complain in your memorandum. A government institution could not lend money without a time limit, could it? It would have to have nine months or a year as a time limit, would it not? A. If they advance a certain amount of credit the man knows for how long he wants it, and the bank manager would want to know for how long the man wanted it. They would make the necessary arrangements.

Q. There would be a limit beyond which even the government bankers could not go, would there not?

Mr. NOSEWORTHY: It would be a matter of government policy.

The WITNESS: If certain circumstances arose whereby a calamity developed and it became impossible for a man to meet his contracted obligation then, as has happened, it becomes a national responsibility. If it becomes a national responsibility then you are right in that position, if you own the banks yourself, to administer whatever aid you have to administer through that medium.

By Mr. Blackmore:

Q. And the government would take the loss?—A. It would have to.

By Mr. Kinley:

Q. To what extent do the farmers of the west carry crop insurance?—A. The only crop insurance we have is through two Acts—the Prairie Farm Assistance Act and the Prairie Farm Rehabilitation Act. Under one Act the producer pays 1 per cent on his deliveries. Now it comes down to Ottawa and they establish a fund from which to draw to meet crop failure remuneration.

Q. In the succeeding year?—A. In that year; the year the man suffered the crop failure; and he knows that he has a crop failure by August and he puts in his application for a crop failure. There are a few little weaknesses in the arrangement, but I think they are gradually beginning to straighten them out. That is the only form of crop insurance that I know of. There is such a thing as hail insurance, and in the province of Saskatchewan we have the Municipal Hail Act. It works very well and covers the farmers up to \$4 an acre, and then there is an additional insurance besides that for which they can pay—outside of the municipal hail insurance. It covers them for that particular type of crop failure but there are many other causes of crop failure.