

- (c) Reduction of indebtedness of soldier settlers by Treasury Board on the recommendation of the Director. The Order provides that the recommendation made by the Director shall be based upon the amount which in his judgment constitutes the present and prospective productive value of the land.

All applications by settlers to benefit under the Order were to be made on or before December 31, 1943.

It is important to note:—

1. By Order in Council P.C. 8346 of the 28th of March, 1945, the interest rate for all soldier settlers whose agreements were still in force was reduced from 5 per cent to  $3\frac{1}{2}$  per cent effective from the standard payment date 1944.
2. By Order in Council P.C. 191/6282 dated the 28th of September, 1945, the provisions of P.C. 10472 with respect to debt reductions were extended so that settlers may make application up to March 31, 1946.

The basic approach by the Director and his responsible officers to the practical implementation of P.C. 10472 was—(a) the situation must be regarded as part and parcel of the general problems of post-war adjustment; (b) in debt reduction operations productive value of the land must be considered in relation to the special circumstances and capacity of the individual soldier settler farmer.

The following facts are submitted on debt adjustment operations under the Order to December 31, 1945:—

1. A total of 1,600 soldier settlers have had their debts reduced by \$1,007,000. The average reduction per settler was \$630. Debts on average have been reduced by 28 per cent below the debt owing by settlers on the standard date 1942. After reduction the total amount owed by these 1,600 soldier settlers was 22 per cent below the aggregate 1941-42 value of their farms.
2. Eighty per cent or 1,304 of the total debt reductions to date have been granted in Saskatchewan and Alberta where two-thirds of the total settlement is located and where the adversities of the 1930's had their greatest impact.
3. Dominion averages do not reflect an accurate picture in debt adjustment operations of this kind conducted on an individual basis. The following facts with regard to debt adjustment in the Provinces of Saskatchewan and Alberta illustrate this point. Fifty-three settlers had their debts reduced to \$500 or less. The average reduction in these cases was 53 per cent below the debt owing October 1, 1942, and the total indebtedness after reduction was 45 per cent below the 1941-42 farm values. Adjustments in these 53 cases were related to very poor to mediocre properties where the home or shelter value was the main asset. A further group of 235 settlers in these two Provinces had their debts reduced to \$500-\$1,000. In these cases the average reduction in debt was 38 per cent and the total indebtedness after reduction was 32 per cent below the 1941-42 farm values.

At the other end of the scale 340 settlers in Saskatchewan and Alberta in possession of productive commercial farms had their debts reduced to \$2,000 and over. In these cases the average reduction in debt was 23 per cent and the total indebtedness after reduction was 18 per cent below the 1941-42 farm values.