

contracts?—A. I have not any information on that. I have no definite information in regard to that. I do think that someone has told me incidentally that there were a surprising number of them that had done very well.

Q. It is also true that boards of review have realized that because since 1936 they have given the farmers far more sympathetic consideration than they did prior to that time.

Mr. DONNELLY: There were four years of crop failure.

The WITNESS: It is hard to generalize. Take Saskatchewan, for example. 1937, I suppose, was the worst year in the history of the province.

Mr. DONNELLY: There were four crop failures since that time.

The WITNESS: 1938 was better, but still a long way from being satisfactory. All these factors enter into it, and everybody recognizes that.

Mr. TUCKER: In regard to what you said, Mr. Quelch, so far as Saskatchewan is concerned, I followed the record of the number of closures very closely and have analysed the figures up to the present in Saskatchewan with regard to the Farmers' Creditors Arrangement Act, and I know that before a company can foreclose they must get the permission of the debt adjustment board in the province, and I can say from what I have seen of the figures no one has been foreclosed unless there was every justification for it. That is true in Saskatchewan; I cannot speak for Alberta.

Mr. QUELCH: It is true, but if it had not been—

The CHAIRMAN: Gentlemen, I may say that the reporter is not able to hear what is going on. If you stand the reporter can get you for the record, otherwise I am afraid he cannot.

Mr. QUELCH: Even where the ability to pay has been taken into consideration in order to get a reduction of debt, it has not been possible for the farmers to meet their contracts for many reasons. If this legislation is put into effect apparently there will be certain provinces where it will not be operative unless certain provincial debt legislation is rescinded or done away with.

Hon. Mr. DUNNING: No.

Mr. QUELCH: Are there not some provinces to-day where member companies would not operate under the provincial legislation?

Hon. Mr. DUNNING: I may say as to that, this legislation does not call for a rescinding of provincial debt legislation. What it does call for is that such legislation, where it is in the judgment of the central bank detrimental to the security involved, and in which the dominion is interested, shall not apply to mortgages which have been adjusted under the terms of this legislation.

Mr. LANDERYOU: In the final analysis, won't that mean the repeal of any provincial legislation that has anything to do with mortgages that are under the supervision of the Central Mortgage Bank? Is not that what it really means?

Hon. Mr. DUNNING: No, certainly not.

Mr. QUELCH: I was under the impression it would mean that.

Mr. TUCKER: Well, now, I should like to ask one thing in regard to the suggestion that Mr. Leonard made about a hypothetical case of the man who borrowed a sum of money in an urban centre and whose property is now worth less than the amount of the mortgage, so that the company would have to take a write-down in respect of that part and therefore lose it—

The CHAIRMAN: Mr. Tucker, the reporter cannot hear you.

Mr. TUCKER: I shall repeat it. Mr. Leonard, I should like to refer to the point which you raised of the hypothetical case of the party in the urban centre who had borrowed a sum of money against a piece of property and the asset now is greater than the appraised value of the property. But his personal

[Mr. P. D'Arcy Leonard.]