

"By establishing proper supervision from the beginning and keeping attention directed upon the possibility of ultimately having an independent organization, as described in 3 above, (American Farm Loan Plan) the provincial boards could easily become the local units of a co-ordinated scheme later on by uniting them under common authority. Provision can be made in the original Act to bring this to pass in due course. Time would, in this way, be given for the idea of a Federal system to mature and materialize."

The question as to which method should be adopted will depend very largely on the answer to the question as to what has been responsible for the high mortgage rates prevailing in Western Canada. Has it been due to the character of the security offered, to the effect of adverse confiscatory legislation, to the rapacity of the loaning institutions or to the overhead and administration expense in making and caring for the loans.

As to the first suggestion, the figures available as to the results of mortgage loans on farm property in the Western Provinces show these to be inferior to similar loans in other parts of Canada. This is believed to have been due partly to the borrower and partly to the lender. In the boom times prevailing ten or fifteen years ago loans were made with too little scrutiny as to the character of the land and the farming methods of the borrower. The borrower was too ready to borrow and the lender too ready to lend, the former, induced by the prospect of ready money, the latter by the former's willingness to pay a generous rate of interest. Many of these loans have been renewed and extended up till the present time, and all the companies are writing off large amounts of interest and principal which will probably never be collected. In 1924, the total amount written off farm mortgages in the Provinces of Alberta, Saskatchewan and Manitoba by life insurance companies amounted to approximately 2% of their mortgage accounts, and there remained on their books approximately \$13,500,000, or 17% more of loans in bad standing. Taking the net return on Western mortgages for the last two or three years, it will be found that those mortgages are less profitable to the companies than mortgages in the older provinces.

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