

*Grain*

did not own, or did not have a mortgage when he had, or something of that sort.

**Mr. Fair:** I do not think a farmer would take the chance of doing that, because the banker knows his business much too well.

**Mr. Howe:** If that is the case probably the clause means very little because it would have to be a rather gross misstatement of fact.

**Mr. Quelch:** I should like to draw the attention of the minister to the fact that in subsection 1 (a) you have the word "knows". The subsection reads:

A person who states in his application an estimated quantity of crops or grain or an estimated amount that he knows to be false.

**Mr. Howe:** Yes.

**Mr. Quelch:** Why not say in subsection 1 (b), "makes any other statement in his application that he knows is false"? When it comes to estimating crops, it is going to be a pretty wise man who will be able to estimate what a crop will yield next spring. We do not know how much damage will result to the crop on the ground. It may only yield half what it was in the field.

**Mr. Howe:** That is why 1 (a) is worded in that way. It reads:

A person who states in his application an estimated quantity of crops or grain or an estimated amount that he knows to be false.

For instance, a man may come in and say that his wheat goes 30 bushels to the acre and it may only go 20, but he may still be giving an honest estimate of what he thought that grain would yield. Therefore so far as the amount of the crop is concerned it is a case of knowing the estimate to be false. "Any other statement" refers to a statement of fact that is false, and not an estimate. I think there is a distinction between the two.

**Mr. Quelch:** He is not required to make any statement about whether he will harvest before seeding. He may intend to do it, but on account of weather conditions and so on he would not be able to do it.

**Mr. Fair:** What sort of statement is covered by section 9, subsection 1, paragraph (b):

Makes any other statement in his application that is false in any material respect;

What would that cover?

**Mr. Howe:** He may say that he owns grain, whereas he may be only a tenant farmer and entitled to only the tenant's share of the grain. He might make any other statement about his position that would be false.

**Mr. Fair:** That would be deliberate.

[Mr. Howe.]

**Mr. Howe:** Yes. I cannot think of anything else. In any question that involves judgment we say that if he knowingly makes a false statement, then he must be guilty. If he makes a statement of fact, then the fact must be accurate.

**Mr. Fair:** The minister will cover the situation by placing the word "knowingly" in that section. I do not suppose the minister would mind adding an additional word to make the bill quite clear. We have made changes in some of the other legislation we have had before us.

**Mr. Howe:** I am afraid it would not apply in this case.

**Mr. Wright:** What is the position of the landlord and tenant under this bill? Is it the tenant who will make application for the loan? What happens to the landlord's share of the crop; is that hypothecated on the loan?

**Mr. Howe:** That is a matter for the bank to sort out. Of course only the tenant would be entitled to make application for a loan. The landlord is not entitled to make application, and the security of the tenant is something the bank must work out. I suppose the tenant could only borrow on his interest in the grain.

**Mr. Wright:** What action is taken in a case such as I am going to describe? I know that a good many farmers are optimists and really expect they are going to harvest their crop. Suppose a farmer says he has a crop that will yield about 30 bushels to the acre. He finds when he starts to harvest his crop in the spring that it is impossible to operate his machinery. He made a statement that he intended to harvest it, and he tried to do so. Will there be any action taken where a farmer is unable to harvest his crop because of reasons over which he has no control?

**Mr. Howe:** In a case like that, it has to be proven that he intentionally made a statement that was false.

**Mr. Quelch:** Consider the case of a tenant who receives two-thirds of the crop. When he delivers his grain in the spring the bank will be able to insist on repayment from two-thirds of that crop on the loan they have made. Would there be any demand made on the other one-third?

**Mr. Howe:** I would not be too specific, but I would think that two-thirds of the crop would be applied against the loan, and the other third would be turned over to the landlord.

**Mr. Quelch:** But if the proceeds from two-thirds of the crop are insufficient to meet the