

Hon. Mr. DUNNING: I wonder if you would permit me to develop that for a moment. I would say quite frankly, Mr. Leonard, because great numbers of people write to me about these matters—I realize of course that from the standpoint of the mortgagee, the mortgage company, the man who has his mortgage in good shape is a good fellow. I mean, the means of judging him is by the manner in which he keeps his contract. As soon as it became known to some of the press that one of the objections of the mortgage companies was to including within the scope of this law those whose mortgages were in good standing, I have had this kind of communication, which impresses me very much, from people who say they have skimped, saved and denied themselves other things in order to keep up their payments, and point to actual cases of others who have not done so and who have sheltered behind provincial mortatoria, and this proposition is put to me: Mr. Dunning, if you put through legislation of this character suggested by the mortgage companies you are putting a premium upon those who have made no effort and are penalizing those who have made every effort to keep up payments. Now, frankly, I have not found an answer to that. Have you got one?

The WITNESS: I am afraid I haven't either, Mr. Dunning. I think there is not any panacea that will cover every particular case. And the most that we can say—

Hon. Mr. DUNNING: I am impressed with the generality of that type of complaint, that sort of communication.

The WITNESS: It would appear to us from our study of the situation that there would be a great many more in the urban mortgage situation who would derive something in the nature of a bonus to which they were not entitled under any ordinary conditions through the assistance of federal credit; a great many more of that type and character than those who might fall into the category that you mention who have kept their accounts in good standing at a considerable amount of sacrifice on their part. If the problem contained the same general aspect as, we will say, the farm credit problem appears to us to do, then there might be justification for departing from the ordinary principle of helping a man who can pay to live up to his contract when he is able to do so and dealing with the matter of a purely individual basis, because the general situation is so wide and so great that the only practical way to attempt to deal with it would be to sacrifice the other end of it.

Hon. Mr. CAHAN: Might I ask a question in that connection?

The CHAIRMAN: Yes, Mr. Cahan.

*By Hon. Mr. Cahan:*

Q. Do you see any solid reason why a mortgage should be differentiated from any other indebtedness to the extent that a man should pay his debts according to his ability to pay?—A. It is hard to disagree with your general principle, Mr. Cahan. I think that the only exceptions must be found in such situations as clearly I think are there in connection with the farm situation.

Q. Take the farm situation, with which you are more familiar than I. Are there not many instances in which the farmer who is the mortgagor of his farm property has other assets realizable with which he might perform his obligations according to the contract outside of the provisions of a bill such as this?—A. That is quite right, sir. I think you have the choice between two alternatives, the one is the operation of some individual treatment either as between the debtor and the creditor or through the operation of some machinery such as the Farmers' Creditors Arrangement Act. If the individual contract can take care of your problem then it is the preferable one. On the other hand if your individual treatment must bog down because of the generality of your problem, because of the number of cases and the extent of the situation, then there are

[Mr. P. D'Arcy Leonard.]