

As you know, the railway companies, manufacturers, and others engaged in commercial pursuits are able to secure their capital by the issue of long term bonds at favourable rates of interest, while the borrowings of farmers for capital purposes are practically confined to mortgages, which must either be repaid within five years, or renewed, sometimes with considerable expense, at the termination of that period. Farmers, in any case, under the present system, are required to pay higher rates of interest than the other industries referred to, and this undoubtedly is a very serious handicap upon the basic industry of this country.

By the Chairman:

Q. Are you reading this, Mr. Ward? If you are, there is no necessity of the reporter taking it down.—A. What I have before me is a report which I have prepared for another purpose, and there are some parts of it which I would like to read, but I do not wish to follow this exactly, so if I might go on in that way—

Q. Certainly, only I thought some time might be saved in that way.—A. It is difficult to see how farmers can be expected to carry on their industry on a profitable basis when they are called upon to pay higher rates of interest than those engaged in other branches of industry.

Now, with regard to the safety of loans made upon land, I have here the annual report of the National Trust Company, which is one of the large lending institutions doing business in the West, and at the annual meeting of that company held on January 30th, 1923, the general manager, Mr. W. E. Rundell, said:

“Before generalizing further, let me be specific regarding our own credit loans in the Prairie Provinces. We have been lending there for over twenty years, and we have yet, in any one year, to make a net loss of \$1 on our total mortgage business. I do not mean to say that in individual cases there have not been small losses, for there have been, but these have been more than offset through the year in which they were made by profits received from the sale of other foreclosed property. Ours is by no means an isolated experience.”

There you have a company which has been lending money on mortgage loans in the western provinces for over twenty years, and they have not made a loss. They have lost money in one year, perhaps, one property, but they have made the loss up; they have always found other properties the same year that they have sold at a profit, and they have therefore made a little profit on their foreclosures. That is to show you that farm mortgages are a perfectly safe investment for capital.

By Mr. McKay:

Q. Could you tell me the percentage of foreclosures by these companies?—A. No, they do not tell us that.

Q. They may have been very radical in protecting themselves, the farmer may have suffered from their radicalism in protecting themselves?—A. They have made their loans very carefully. They do not lend more than, at the outside, 50 per cent of the value of the property, and they exercise discretion in what districts they will loan in, and all that sort of thing.

By the Chairman:

Q. Suppose we take it for granted without stressing the point, Mr. Ward, that when money is loaned on land, to 50 per cent of a careful and conservative

[Mr. John W. Ward.]