

The CHAIRMAN: There are three main subjects, Mr. Picard, that your agenda committee thought were sufficiently important that we should deal with them individually. One was the question of land service, two, the question of availability of money, and the third one was the relationship of lending value to actual cost.

Mr. PICARD: You see, I am just giving notice to the chairman that I would like to have that sometime, a statement as to the manner in which these loans are made and how the values of the property are assessed and so on, so that we will know what is being done in so far as communities of less than 5,000 are concerned.

The CHAIRMAN: Are there any more general questions?

*By Mr. Hellyer:*

Q. There are three specific questions regarding the nails. How was the balance of the nails finally disposed of, when and at what place?—A. Mr. Chairman, as I mentioned earlier, the nail distribution by Central Mortgage was done in co-operation with the hardware dealers and the nail manufacturers. Before the nail distribution was completed we had come to an arrangement that Central Mortgage Corporation would not use its own warehouses for the distribution. The hardware association in five regions had taken over the job of the physical distribution from us but leaving it on certificate by us. When the nail trouble cleaned up, the hardware group who were doing this co-operatively, merely absorbed the balance of the stockpile into their own stocks.

Q. The reason I asked that question, Mr. Chairman, was that there was a rumour circulating in the city of Toronto that a relatively tremendous quantity of nails had been disposed of by the corporation to one or two individual outlets and these people purchased them for \$8, \$9 or \$10 a keg, and they were selling them retail in the city at that time for about \$15 a keg.—A. Mr. Chairman, I would like to check this a little more carefully before answering the question definitely, but I re-emphasize that before the nail business was over there was complete co-operation between ourselves and the industry so that in the final stages of it all we did was give a certificate that John Jones was entitled to five kegs of nails for one house.

Now, if I may go back one step, the price at which Central Mortgage obtained these nails from the manufacturer was actually the price that would be paid by the distributor for the nails. The price was the same when we were actually doing the distribution ourselves; here was a 50 per cent overhead or handling charge on the nails. It may be that when the nails returned to the various distributors and hardware stores they did put a mark-up on them. I just do not know; but I do not think that by the time our stock-pile returned into the general stock-pile of the ordinary distributors and retailers there was occasion for a very large mark-up other than the normal retail mark-up on nails. But I will be glad to look into that.

The CHAIRMAN: So far as Central Mortgage and Housing was concerned, do I understand that there was no profit and no loss earned on account of the stockpiling of nails?

The WITNESS: Yes, I think that is correct, providing you are willing to accept our 50 cent over-head per keg as reasonably representing our cost of handling.

Mr. FRASER: Can the witness give us the names of their distributors in the 5 different districts?

The CHAIRMAN: Yes, I think he can.

*By Mr. Fleming:*

Q. Did the corporation interest itself in the price of re-sale charged by those to whom it was selling?—A. No, we did not interest ourselves in the