

Hon. Mr. CAHAN: Many of their obligations are not callable, I understand?

The WITNESS: Apart from deposits, I think hardly any of them are.

Mr. THORSON: Mr. Chairman, in the light of what Mr. Dunning asked, would it be possible to arrive at the average rate of interest on these obligations properly weighted with regard to the various elements that would enter into the weighing of the interest rates to get the true average?

The WITNESS: Mr. Thorson, there are really two average rates, as you might almost say. The easiest one to get would be the average current rate being paid on the term obligations, trying to separate them from any other.

Mr. THORSON: Yes.

*By Mr. Landeryou:*

Q. Would you consider that there would be a difference in the amount of sacrifice as between insurance companies, trust companies and loan companies?—A. I could not even tell you that. I do not know myself what the effect will be per individual company or per groups of companies.

*By Mr. Plaxton:*

Q. If we carried out your suggestion, namely that the act shall not apply to urban mortgages which are not non current, might not that create an inducement to those people who have communicated with Mr. Dunning and who have kept their mortgages up to date (and which are still current and would be if this act were brought into force), perhaps to let their interest and principal slide, so to speak?—A. That is always the trouble with any legislation that is passed for the relief of those who have not been able, for perfectly good reasons, shall we say, to keep up their contracts. When something is done for them, others may feel that they might have been better off if they had not made the effort that they did, even on the basis of the legislation as it stands now. The same thing might be perfectly true here. The man who has let his interest go beyond two years will now get a write-off; the man who has reduced his mortgage to below 80 per cent will say, why should my neighbour who did not make the same efforts that I did, get some relief? There is always bound to be that difficulty, and all I can say is that I think you are getting nearer to the problem which exists by confining it to the question of the man whose contract is overdue and who has not been able by reason of the condition of the property or the value of the security to get a new mortgage or even renew his contract.

Hon. Mr. DUNNING: That is the widest point of difference, I think, between us now, Mr. Leonard. Personally I find it very difficult indeed to meet the point I raised before and at the same time consider at all favourably the suggestion you make that any urban mortgage legislation should be confined to what you call "non-current mortgages". It seems to me the harm that would be done would be greater than the good that would be done. I must say I am not convinced, although I am willing to listen to further argument. As things stand at the present I regard that as a vital feature.

The WITNESS: Of course, I can only go back and stress again the question of ability of a company to enter into a membership agreement and say that perhaps that is the crux of the whole plan, and where that result cannot be achieved by reason of the fact that the company must reduce the rate of interest and make write-offs. Where there is ability to pay they may say they cannot come in under the plan, and that in the long run it may seem to them

[Mr. P. D'Arcy Leonard.]