

committee. Presumably it would be done better in committee, where questions can be asked and answers given.

The purpose of the bill and the complementary bill which is dealt with in the succeeding resolution is to meet a situation which is one of very grave import to the welfare of the country as a whole. The farming population has experienced great difficulties in meeting the obligations which they themselves have created. The purchasing power of the dollar having fallen to the extent to which it has, the difficulty of providing one dollar by the sale of commodities that have been reduced in value to say sixty cents, instead of the dollar that prevailed at the time the obligations were created has made the burden exceedingly onerous, as has been found in practically all countries of the world. I shall deal later with the extent of the mortgage indebtedness on the farms of Canada. It is sufficient for my present purpose to say that as far as we can ascertain from the census of 1931, together with other information available, it is estimated at about \$726,000,000, that is in all the nine provinces. Especially in western Canada there has been difficulty in meeting the obligations for interest on the mortgages. I need hardly point out, what is in the knowledge of every member of this chamber, that loans have been made upon farms largely by (a) loan companies whose business is to deal in mortgages; (b) life insurance and other insurance corporations and companies; and (c) private individuals. Obviously the life insurance companies, having to reserve at a rate of interest that is less than four per cent, have perhaps not experienced the same difficulties by reason of the inability of farmers to pay the seven and eight per cent provided for by their mortgages if they could pay anything at all. With respect to the mortgage companies they have not loaned their own capital, but largely funds which they have borrowed. It is of course well known to all that the capital of the loan companies would not go very far in mortgage loans, and that they all obtain funds by the sale of debentures bearing various rates of interest, as I shall presently indicate, which funds they loan in various parts of the country. During the war when higher rates of interest prevailed—that is when it was more difficult to obtain money on debentures—loan companies issued debentures at a higher rate of interest than had theretofore prevailed. More recently, that is since the war, they issued debentures still bearing rather high rates of interest. It is a matter of knowledge to those who have read the annual reports of loan companies that

[Mr. Bennett.]

many of them have issued debentures bearing a rate of five per cent per annum, and that they loan this money at rates of 6½ per cent to 8 per cent and more, it being estimated that owing to the losses that have been experienced by reason of climatic conditions the loans that average less than 7 per cent represent, shall we say, no profit to the loan companies.

Private individuals, of course, are able to make their own arrangements with respect to compromises and extensions of time under mortgages they have taken. Life insurance companies, for the reasons I have mentioned, having to deal with present and prospective profits payable by way of dividends to policy holders, are not in quite the same position; they have experienced great difficulties. Loan companies that themselves have interest to meet on the debentures they have issued also have a difficult position to face. Under these circumstances we called together representatives of the insurance companies and loan companies and discussed with them the problem in its many bearings to ascertain if something might be done by which we could afford some relief to those who had imposed upon themselves the burdens and obligations incident to mortgages. It was finally concluded that the suggestions made by the government, from the information which had been obtained, were sound.

The first suggestion was that we should endeavour to secure a cheap and speedy method by which a farmer in difficulty could provide some arrangement or composition with his creditors. It is a well known fact to members of the house engaged in business that under the common law no compromise could be made with a man by his creditors to pay less than one hundred cents on the dollar unless all creditors agreed. Hence it was that before any laws dealing with compositions or assignments were passed, either by provincial legislature or federal parliament, every creditor had to agree to what was called the deed of composition. Later the government of Sir Oliver Mowat, I think it was, in the province of Ontario passed an assignments act, the validity of which was challenged and ultimately determined by the privy council. The provisions of that act contemplated the realization of the assets of the debtor and the distribution of such assets, ratably and proportionately, amongst his creditors, be they many or few. But in upholding the validity of that statute the privy council also indicated that if the dominion occupied that field at any time under the