

EVIDENCE

TUESDAY, July 22, 1958.
9:00 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum. We will proceed with our meeting. As you realize this room is engaged again at 11 o'clock.

We have with us this morning the Minister of Finance and Mr. Chester, the Chairman of the Canadian Farm Loan Board. Mr. Chester is here for any explanation which you may wish.

First of all I might announce the personnel of the steering committee: Messrs. Nasserden, Latour, Gour, Forgie, Peters, Montgomery and the chairman. I endeavoured to select these members as equally as I possibly could.

At this point may I have a motion to print 750 copies in English and 250 copies in French of the minutes of proceedings and evidence of this committee.

Moved by Mr. Speakman, seconded by Mr. Montgomery. Agreed to.

The CHAIRMAN: I believe it will also be necessary, as the report of the Board of Grain Commissioners has been referred to our committee, to ask for leave, at some time when this board appears before us to sit when the house is sitting. You realize that we could not ask these people when they come down here, to sit only a few hours a day. However, we will endeavour to sit only when it is absolutely necessary.

Moved by Mr. Hales, seconded by Mr. Gundlock that permission be asked to sit while the house is sitting.

Agreed to.

Gentlemen, the bill before us this morning is Bill C-38, an act to amend the Canadian Farm Loan Act. I will call clause 1 and then I will ask the minister of Finance for a few remarks.

On clause 1—Capital stock.

Mr. DONALD FLEMING (*Minister of Finance*):

Thank you Mr. Chairman. This is a pretty early hour; we farmers like to get our chores done early in the morning.

Mr. Chairman, thank you for the opportunity of appearing before you on this bill. I will be very brief.

This bill, I suppose, is one of the shortest bills which is ever likely to come before this committee, or indeed, the house. It proposes to amend simply two words in the Canadian Farm Loan Act.

In the debate on the resolution stage in the house, as I indicated there, the situation today is that we are almost at the point of running out of money in the Canadian Farm Loan Board. The relending this year has accelerated very, very greatly. Even since this present measure was decided upon the acceleration of the loans has continued and, frankly, unless this bill becomes law by the middle of August we are going to have to curb the rate of lending.

Briefly under the act, the borrowing power and relending power of the board is associated directly with the capital of the board. The capital stock of the board under the present act, is set at \$4 million. To arrive at the borrowing power of the board, which is the same amount as its lending power, you multiply by twenty times; in other words, \$80 million is the amount the board is now authorized to borrow and relend on farm loans.