

I have never been in the happy position of being able to do a very large amount of banking. However, I have a suggestion to make, and I will only occupy a moment or two in presenting my views. We are frequently told that farming is the basic industry of this country, yet I believe I am absolutely right in saying that the farming community, as a class, is receiving, and has received, less consideration from the banking interests of Canada than any other portion of the community. So far as the farmers are concerned, the branch banks in small towns and villages are nothing more or less than collecting agencies, located there for the purpose of taking their money and forwarding it to the centres of population. When the farmer wants accommodation, the amount which he can receive at the local branch bank is limited by the say of some person in Toronto, or Montreal, or other large city. The farmer may be able to give the very best security in the world, for, we will say, a loan of \$50,000, but the branch bank in this particular neighbourhood is debarred by the head office from advancing any more than \$5,000, and if he desires accommodation beyond the latter amount, a special application must be sent to headquarters to ascertain whether it will permit the local branch to grant accommodation desired. Even when the farmer's application is acceded to, a high rate of interest is exacted. So I think there is ground for the statement that the local branches are nothing more or less than collecting agencies, established to collect money from the farming community, and that the farmers do not receive the accommodation to which he is entitled having in mind the amount of money which they place in the hands of these banks.

I believe that a couple of years ago the United States Government established in various parts of that country a system of farm loan banks, whereby farmers were given accommodation at a fair rate of interest. The suggestion that I have to make is that the time is now opportune in Canada for the Government, and especially for the Finance Department, to look carefully into the matter and see if some such system could not be adopted in this country, whereby the farmer could obtain money for carrying on his operations, without having to pay the high rate of twelve, fourteen, or fifteen per cent interest.

Mr. LEMIEUX (Maisonneuve): Where is the capital taken from?

[Mr. Edwards.]

Mr. EDWARDS: The capital is furnished at the outset by the Government, and the money is loaned out at a small rate of interest to the farmer. The Government of Canada has already adopted that system to a certain extent in advancing money up to \$2,500 to the returned soldier who wishes to go on the land, taking as security a first mortgage upon the land, and only charging five per cent interest. It has thus adopted a principle, which, in my opinion, should be further extended, and be made more generally available to the farming population.

Mr. F. R. LALOR (Haldimand): I cannot allow this discussion to close without saying a word or two on behalf of the banks of Canada. I think we in Canada should be proud of our banking system, which is vastly superior to that of the United States. In the country to the south of us a number of men in a particular locality can group together, and with a very small amount of capital indeed, probably not exceeding ten or twenty thousand dollars, establish a bank. I am told by men who have had experience of the system that such banks are very poor institutions indeed to borrow money from. Their capital is small, and the management is very tight, and the result is that people there do not get the same line of credit that we enjoy in this country. The hon. member for Sherbrooke (Mr. McCrea) and the hon. member for Frontenac (Mr. Edwards) have spoken about the difficulty which is experienced in obtaining bank credit. I live in a small town in a rural section of the country where there are three banks in operation, and I have never found any such difficulty as these hon. gentlemen speak of in connection with borrowing money from the banks. I believe that a farmer—in my section at least, and I think this applies to other sections of the country as well—providing his credit is good, who wishes to borrow a few hundred dollars from the local bank can do so without the necessity of his application being sent to the head office for endorsement. I believe that where the credit of the applicant is good he can borrow locally any amount in reason, and the local manager has full power to grant him that accommodation.

I believe that we should have strong banking institutions in this country. We have strong banking institutions in fact, and it should be the effort of Parliament and the Finance Minister to build them up and make them as strong as possible, in order that the people may have perfect security for their deposits. Where a weaker bank